

RECORDATION NO. 11064-A
NOV 20 1979-9 20 AM
INTERSTATE COMMERCE COMMISSION

RECORDATION NO. 11064
NOV 20 1979-9 20 AM
INTERSTATE COMMERCE COMMISSION
CRAVATH, SCAMMAY & MOORE
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NEW YORK, N. Y. 10005

RECORDATION NO. 11064-B
NOV 20 1979-9 20 AM
INTERSTATE COMMERCE COMMISSION

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Date NOV 20 1979
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INTERSTATE COMMERCE COMMISSION

RECORDATION NO. 11064-D
NOV 20 1979-9 20 AM
INTERSTATE COMMERCE COMMISSION
Filed 1425

See pag 3 for
Cross indexing

November 15, 1979

Richmond, Fredericksburg and Potomac Railroad Company
Lease Financing Dated as of September 1, 1979
9-5/8% Conditional Sale Indebtedness Due April 1, 1995

[CS&M Ref: 4650-046]

Dear Madam:

Pursuant to 49 U.S.C. § 11303(a), I enclose herewith on behalf of Richmond, Fredericksburg and Potomac Railroad Company, for filing and recordation, counterparts of the following:

FMC Corporation and

(1)(a) Conditional Sale Agreement dated as of September 1, 1979, between Richmond, Fredericksburg and Potomac Railroad Company;

(b) Agreement and Assignment dated as of September 1, 1979, between FMC Corporation and United States Trust Company of New York;

(2) Equipment Lease dated as of September 1, 1979, between Richmond, Fredericksburg and Potomac Railroad Company and McHugh Brothers Crane Rentals, Inc.;

(3) Equipment Sublease dated as of November 1, 1979, between McHugh Brothers Crane Rentals, Inc. and New Hope and Ivyland Railroad Company; and

NEXT PAGE for next document
OVER

Counterpart

James Cumber

D - (4) Assignment and Assumption Agreement dated as of November 15, 1979, between New Hope and Ivyland Railroad Company and McHugh Brothers Heavy Hauling, Inc.

The addresses of the parties to the aforementioned agreements are:

Lessor-Vendee:

Richmond, Fredericksburg and Potomac
Railroad Company,
P.O. Box 11281,
Richmond, Virginia 23230.

Manufacturer:

FMC Corporation,
200 East Randolph Drive,
Chicago, Illinois 60601.

Lessee:

McHugh Brothers Crane Rentals, Inc.,
P.O. Box 196,
Penndel, Pennsylvania 19407.

Agent-Assignee:

United States Trust Company of New York,
130 John Street (4th Floor),
New York, N.Y. 10038

Sublessee:

New Hope and Ivyland Railroad Company,
P.O. Box 196,
Penndel, Pennsylvania 19047.

Assignee of Sublessee:

McHugh Brothers Heavy Hauling, Inc.,
P.O. Box 196,
Penndel, Pennsylvania 19047.

Cross INDEX → Please file and record the documents referred to in this letter and cross-index them under the names of the Lessor-Vendee, the Manufacturer, the Lessee, the Agent-Assignee, the Sublessee and the Assignee of Sublessee.

Please cross index under ~~MC~~ ^H HUGH BROTHERS HEAVY HAULING, INC.
The equipment covered by the aforementioned agreements consists of 300 50 Ft. XM and XF boxcars, bearing the reporting numbers NHIR 5001-5300, inclusive.

Please note that the rentals under the Lease, the Sublease and the Assignment and Assumption Agreement have been assigned to United States Trust Company of New York, as Agent-Assignee, pursuant to the terms of the Lease, the Sublease and the Assignment and Assumption Agreement and the respective Notices of Assignment attached thereto.

Enclosed is our check for \$160 for the required recordation fee. Please accept for recordation one counterpart of each of the enclosed agreements, stamp the remaining counterparts with your recordation number and return them to the delivering messenger along with your fee receipt, addressed to the undersigned.

Very truly yours,

*including \$10.00 to
cover cross indexing requested above*

John B. Harlow, II

John B. Harlow, II,
as Agent for Richmond,
Fredericksburg and Potomac
Railroad Company

Ms. Agatha Mergenovich, Secretary,
Interstate Commerce Commission,
Washington, D. C. 20423

Encls.

62N

EQUIPMENT LEASE

Dated as of September 1, 1979

BETWEEN

RICHMOND, FREDERICKSBURG AND POTOMAC RAILROAD COMPANY,

Lessor,

AND

MCHUGH BROTHERS CRANE RENTALS, INC.,

Lessee.

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ATTACHMENTS TO EQUIPMENT LEASE:

SCHEDULE A -- DESCRIPTION OF ITEMS OF EQUIPMENT

SCHEDULE B -- SCHEDULE OF CASUALTY VALUES

NOTICE OF ASSIGNMENT

EQUIPMENT LEASE dated as of September 1, 1979, between RICHMOND, FREDERICKSBURG AND POTOMAC RAILROAD COMPANY, a Virginia corporation (the "Lessor"), and McHUGH BROTHERS CRANE RENTALS, INC., a Pennsylvania corporation (the "Lessee").

R E C I T A L S:

A. Pursuant to a Purchase Order Assignment dated as of November 1, 1979, the New Hope & Ivyland Railroad Company (the "Sublessee") will assign to the Lessor its right to purchase the equipment referred to below, and pursuant to a Conditional Sale Agreement, dated as of September 1, 1979 (the "CSA"), with FMC Corporation (the "Manufacturer"), the Lessor has agreed to purchase the equipment referred to below, in contemplation that, pursuant to the provisions hereof, the Lessor would acquire such equipment and the Lessee would lease the same therefrom and would sublease the same to the Sublessee under an Equipment Sublease dated as of November 1, 1979 (the "Sublease").

B. Pursuant to an Agreement and Assignment, dated as of September 1, 1979 (the "Assignment"), the Manufacturer has assigned its rights, security title and interest under the CSA to United States Trust Company of New York, not in its individual capacity but solely as agent (the "Assignee").

C. The Lessee, the Lessor and the Assignee have entered into a Participation Agreement dated as of September 1, 1979 (the "Participation Agreement"), with the institutional investor named in Schedule I thereto (together with its successors and assigns called "Investors"), providing for the commitment of the Lessor to acquire the equipment (collectively the "Equipment" and individually an "Item of Equipment") described in Schedule A hereto and made a part hereof. Under the Participation Agreement, the Investors will commit to invest in an amount equal to 80% of the Purchase Price (as defined therein and in the CSA) of each Item of Equipment. It is contemplated by the Participation Agreement that the investment will be secured by an assignment of the Lessor's right, title and interest in and to this Lease (including, without limitation, the rights of the Lessor under Section 20 hereof in respect of the Sublease and other Permitted Subleases referred to therein) and in and to the Equipment pursuant to the CSA and the Assignment.

SECTION 1. LEASE AND DELIVERY OF EQUIPMENT

1.1. Intent to Lease and Hire. Upon delivery of each Item of Equipment pursuant to the CSA by the Manufacturer, the Lessee shall lease and let such Item of Equipment from the Lessor for the rental and on and subject to the terms and conditions herein set forth.

1.2. Delivery and Acceptance of Items. The Lessor will cause each Item of Equipment to be tendered to the Sublessee at the place of delivery set forth in Schedule A hereto. Upon such tender, the Sublessee has agreed pursuant to Section 3 of the Sublease that it will cause an inspector designated and authorized by the Sublessee to inspect the same, and, if such Item of Equipment is found to be in good order, to accept delivery of such Item of Equipment and to execute and deliver to the Lessor, the Lessee and the Manufacturer a Certificate of Acceptance in the form attached to the Sublease as Appendix A (the "Certificate of Acceptance") with respect to such Item of Equipment; provided, however, that the Sublessee shall not accept and the Lessee shall have no obligation to lease thereto (and the Lessor shall have no obligation to lease to the Lessee and the Lessee shall have no obligation to lease from the Lessor hereunder) any Item of Equipment delivered after the Outside Delivery Date therefor set forth in Schedule A hereto or any Item of Equipment with respect to which payment therefor by the Lessor would cause the purchase price for such Item and all Items of Equipment previously delivered to and accepted on behalf of the Lessor to exceed \$13,200,000.

1.3. Delivery Under Sublease Constitutes Delivery Hereunder. The Lessee hereby confirms and agrees that the Sublessee's execution and delivery of a Certificate of Acceptance with respect to each Item of Equipment pursuant to Section 3 of the Sublease shall conclusively establish that such Item of Equipment is acceptable to and accepted by the Lessee under this Lease, notwithstanding any defect with respect to design, manufacture, condition or in any other respect, and from and after delivery of such Certificate of Acceptance with respect to any Item of Equipment by the Sublessee, the Lessee agrees to be bound by each and all of the terms and conditions of this Lease with respect to such Item of Equipment without regard to the state or condition thereof at the time of such delivery and acceptance.

1.4. Purchase of Excluded Equipment. In the event of the exclusion of any Item or Items of Equipment from the CSA pursuant to Section 2.3 or 3.1 thereof, the Lessee agrees with the Lessor, and also with and for the benefit of the Manufacturer who is hereby designated a third-party beneficiary to the undertakings of the Lessee set forth in this Section 1.4, that the Lessee will be obligated to purchase from the Manufacturer, accept delivery of and pay for, any Item or Items of Equipment so excluded from the CSA, and the Manufacturer and the Lessee shall execute a separate agreement providing for the sale of such excluded Item or Items of Equipment by the Manufacturer to the Lessee upon the same terms and conditions as those contained in the CSA, modified only to the extent necessary to provide for payment in cash upon delivery of such excluded Item or Items of Equipment, either directly or indirectly by means of a conditional sale agreement, equipment trust or other appropriate method of financing as the Lessee may determine and as may be reasonably satisfactory to the Manufacturer.

SECTION 2. RENTALS AND PAYMENT DATES

2.1. Rentals for Equipment. The Lessee agrees to pay the Lessor, on the dates provided in Section 2.2 hereof, the following rentals for each Item of Equipment leased hereunder:

(a) Interim Rental. For each Item of Equipment, an amount per day (the "Interim Rental") equal to 0.03482% of the Purchase Price thereof (as defined in Section 3.1 of the CSA) for the period, if any, from and including the date of delivery and acceptance of each item of Equipment as evidenced by a Certificate of Acceptance (substantially in the form of Appendix A to the Sublease) to but not including April 1, 1980 (said date being herein called the "Term Lease Commencement Date").

(b) Fixed Rental. For each Item of Equipment, 178 consecutive monthly installments of rental (the "Fixed Rental") payable in arrears, the first 177 installments to be each in an amount equal to 1.0447% of the Purchase Price thereof and the remaining installment to be in an amount equal to 3.1341% of the Purchase Price thereof.

2.2. Rental Payment Dates. Installments of Interim Rental shall be due and payable on the following dates (each of such dates hereinafter sometimes referred to as an "Interim Rental Payment Date"):

(a) February 1, 1980, for each item of Equipment delivered during the month of November 1979;

(b) March 1, 1980, for each item of Equipment delivered during 1979;

(c) April 1, 1980, for each item of Equipment delivered during 1979 and the first month of 1980;

(d) May 1, 1980, for each item of Equipment delivered during 1979 and the first two months of 1980; and

(e) June 1, 1980, for each item of Equipment delivered during 1979 and the first three months of 1980.

Installments of Fixed Rental for each item of Equipment shall be due and payable monthly commencing July 1, 1980, and on the first day of each month thereafter to and including April 1, 1995 (each of such dates hereinafter sometimes referred to as a "Fixed Rental Payment Date").

If any of the rent payment dates is not a business day, the rent payment otherwise payable on such date shall be payable on the next succeeding business day. For purposes of this Lease, the term "business day" means calendar days, excluding Saturdays, Sundays and holidays on which banks in the State of New York are authorized or required to close.

2.3. Place of Rent Payment. The Lessor instructs the Lessee to make all payments due hereunder as follows:

(a) each installment of Interim Rental and each installment of Fixed Rental shall be paid to the Lessor by wire transfer to the address provided for payments in Section 22.1 hereof, identifying the same as a payment of rental relating to RF&P 9/1/79; provided that, in the event either the Lessor or the Assignee shall notify the Lessee in writing that the right to receive payment of such installment shall have been assigned in accordance with Section 16 hereof, the Lessee shall make such payment by wire transfer to the place designated in such notice or as otherwise designated from time to time in

writing by such assignee;

(b) the entire amount of any payment of Casualty Value pursuant to Section 11 hereof shall be paid to the Lessor by wire transfer to the address provided for payments in Section 22.1 hereof (identifying the same as a payment of Casualty Value relating to RF&P 9/1/79); provided that in the event either the Lessor or the Assignee shall notify the Lessee in writing that the right to receive payment of such Casualty Value shall have been assigned in accordance with Section 16 hereof, the Lessee shall make such payment by wire transfer to the address designated in such notice or as otherwise designated from time to time in writing by such assignee;

(c) the amount of any payment owing to the Lessor pursuant to Sections 6, 10.2, 11.1 (with respect to public liability insurance) and 22.2 hereof shall be made directly to the party to receive the same without regard to the assignment of this Lease or the payments due hereunder pursuant to Section 16 hereof;

(d) the amount of any interest due in respect of the late payment of any amounts pursuant to Section 19 or 22.2 hereof shall be paid to the party and in the manner herein provided to receive any said amount; and

(e) all payments other than those above specified shall be made by the Lessee directly to the party to receive the same unless any such payment has previously been made by the Lessor or the Assignee, in which case the Lessee shall reimburse the Lessor or the Assignee, as the case may be, directly for such payment.

The Lessee agrees that it will make payments due hereunder by wire transfer where specified above at the opening of business on the due date of such payment of Federal or otherwise immediately available funds to the party to whom such payment is to be made, and otherwise by check of the Lessee drawn on a bank located in the continental United States and mailed to the party to receive the same at the address herein provided or at such other address as the Lessee shall have been provided in writing.

2.4. Net Lease. This Lease is a net lease and the Lessee's obligation to pay all Interim Rental and Fixed Rental and other amounts payable hereunder shall be absolute and

[illegible]

unconditional under any and all circumstances and, without limiting the generality of the foregoing, the Lessee shall not be entitled to any abatement of rent or reduction thereof or setoff against rent, including, but not limited to, abatements, reductions or setoffs due to any present or future claims of the Lessee against the Lessor under this Lease or otherwise or against any assignee of the Lessor pursuant to Section 16 hereof; nor except as otherwise expressly provided herein, shall this Lease terminate, or the obligations of the Lessee be otherwise affected, by reason of any defect in or damage to or loss or destruction of all or any of the Equipment from whatsoever cause, the taking or requisitioning of the Equipment by condemnation or otherwise, the lawful prohibition of Lessee's use of the Equipment, the interference with such use by any private person or corporation, the invalidity or unenforceability or lack of due authorization or other infirmity of this Lease, or lack of right, power or authority of the Lessor to enter into this Lease, or for any other cause whether similar or dissimilar to the foregoing, any present or future law to the contrary notwithstanding, it being the intention of the parties hereto that the rents and other amounts payable by the Lessee hereunder shall continue to be payable in all events unless the obligation to pay the same shall be terminated pursuant to Section 11 hereof, or until, pursuant to Section 13 hereof, the Equipment has been returned to the possession of the Lessor (for all purposes of this Lease any Item of Equipment shall not be deemed to have been returned to the Lessor's possession until all of the Lessee's obligations with respect to the return, transportation and storage thereof have been performed). To the extent permitted by applicable law, the Lessee hereby waives any and all rights which it may now have or which at any time hereafter may be conferred upon it, by statute or otherwise, to terminate, cancel, quit or surrender the lease of any of the Items of Equipment except in accordance with the express terms hereof. Each rental or other payment made by the Lessee hereunder shall be final and the Lessee shall not seek to recover all or any part of such payment from the Lessor or any assignee pursuant to Section 16 hereof for any reason whatsoever.

SECTION 3. TERM OF THE LEASE

The term of this Lease as to each Item of Equipment shall begin on the date of the delivery and acceptance thereof by the Sublessee of such Item of Equipment under the Sublease

in accordance with the provisions of Section 1 hereof and, subject to the provisions of Sections 11, 14 and 18 hereof, shall terminate on April 1, 1995.

SECTION 4. OWNERSHIP AND MARKING OF EQUIPMENT

4.1. Retention of Title. The Lessor is acquiring legal title to the Equipment as Vendee under the CSA (but only upon compliance with all the terms and conditions thereof) and it is understood that the Lessee shall acquire no right, title and interest to the Equipment except hereunder as Lessee notwithstanding the delivery of the Equipment to and the possession and use thereof by the Lessee.

4.2. Duty To Number and Mark. The Lessee will keep and maintain, plainly, distinctly, permanently and conspicuously marked by a plate or stencil printed in contrasting color upon each side of each Item of Equipment in letters not less than one inch in height as follows:

"OWNERSHIP SUBJECT TO A SECURITY AGREEMENT
FILED WITH THE INTERSTATE COMMERCE COM-
MISSION"

with appropriate changes thereof and additions thereto as from time to time may be required by law in order to protect the title of the Lessor to such Item of Equipment, its rights under this Lease and the rights of any assignee under Section 16 hereof. The Lessee will not place any such Item of Equipment in operation or exercise any control or dominion over the same until the required legend shall have been so marked on both sides thereof and will replace promptly any such names and word or words which may be removed, defaced or destroyed. Pursuant to the provisions of Section 4.2 of the Sublease, the Sublessee will cause each Item of Equipment to be kept numbered with its road number as set forth in Schedule A hereto. In the event the Sublease is terminated for any reason, the Lessee will cause each Item of Equipment to be renumbered and will deliver to the Lessor and the Assignee a statement of such new numbers, which statement shall also be filed, recorded or deposited in all public offices where this Lease shall have been filed, recorded or deposited.

4.3. Prohibition Against Certain Designations.

Except as above provided, the Lessee will not allow the name of any person, association or corporation to be placed on the Equipment as a designation that might be interpreted as a claim of ownership; provided, however, that the Lessee or the Sublessee may cause the Equipment to be lettered with the names or initials or other insignia customarily used by the Sublessee or the Lessee or their respective affiliates on equipment used by it of the same or a similar type for convenience of identification of the right of the Lessee to use the Equipment under this Lease or of the right of the Sublessee to use the Equipment under the Sublease.

SECTION 5. DISCLAIMER OF WARRANTIES

THE LESSOR LEASES THE EQUIPMENT, AS IS, IN WHATEVER CONDITION IT MAY BE, WITHOUT ANY AGREEMENT, WARRANTY OR REPRESENTATION, EITHER EXPRESS OR IMPLIED, AND THE LESSOR EXPRESSLY DISCLAIMS ANY WARRANTY OR REPRESENTATION, EITHER EXPRESS OR IMPLIED, AS TO (A) THE FITNESS FOR ANY PARTICULAR PURPOSE OF MERCHANTABILITY OF ANY ITEM OR ITEMS OF EQUIPMENT, (B) THE LESSOR'S TITLE THERETO, (C) THE LESSEE'S RIGHT TO THE QUIET ENJOYMENT THEREOF (EXCEPT AS IT RELATES TO THE LESSEE'S POSSESSION AND RIGHT TO THE USE THEREOF AS PROVIDED HEREIN AND IN THE CSA), (D) THE DESIGN OR CONDITION OF, OR AS TO THE QUALITY OF THE MATERIAL, EQUIPMENT OR WORKMANSHIP IN, THE EQUIPMENT, OR (E) ANY OTHER MATTER WHATSOEVER, IT BEING AGREED THAT ALL SUCH RISKS, AS BETWEEN THE LESSOR AND THE LESSEE, ARE TO BE BORNE BY THE LESSEE. The Lessor hereby appoints and constitutes the Lessee its agent and attorney-in-fact during the term of this Lease to assert and enforce, from time to time, in the name and on the account of the Lessor and the Lessee, as their interest may appear, but in all cases at the sole cost and expense of the Lessee, whatever claims and rights the Lessor may have as owner of the Equipment against the Manufacturer; provided, however, that if at any time an Event of Default shall have occurred and be continuing, the Lessor may assert and enforce, at the Lessee's sole cost and expense, such claims and rights. The Lessor shall have no responsibility or liability to the Lessee or any other person with respect to any of the following: (i) any liability, loss or damage caused or alleged to be caused directly or indirectly by any Item of Equipment or by any inadequacy thereof or deficiency or defect therein or by any other circumstances in connection therewith; (ii) the use, operation or performance of any Item of Equipment or

any risks relating thereto; (iii) any interruption of service, loss of business or anticipated profits or consequential damages; or (iv) the delivery, operation, servicing, maintenance, repair, improvement or replacement of any Item of Equipment. The Sublessee's delivery of a Certificate of Acceptance in accordance with the provisions of Section 1 hereof shall be conclusive evidence as between the Lessee and the Lessor that all Items of Equipment described therein are in all the foregoing respects satisfactory to the Lessee, and the Lessee will not assert any claim of any nature whatsoever against the Lessor based on any of the foregoing matters.

SECTION 6. LESSEE'S INDEMNITY

6.1 Scope of Indemnity. The Lessee shall defend, indemnify and save harmless the Lessor and any assignee thereof pursuant to Section 16 hereof (including, without limitation, the Assignee) and their respective successors and assigns from and against:

(a) any and all loss or damage to the Equipment, usual wear and tear excepted; and

(b) any claim, cause of action, damages, liability, cost or expense (including, without limitation, counsel fees and costs in connection therewith) which may be incurred in any manner by or for the account of any of them (i) relating to any Item of Equipment or any part thereof, including, without limitation, the construction, purchase, delivery, acceptance, rejection, ownership, sale, leasing, return or storage of any Item of Equipment or as a result of the use, maintenance, repair, replacement, operation or the condition thereof (whether defects are latent or discoverable by the Lessee or any indemnified party), (ii) by reason or as the result of any act or omission (whether negligent or otherwise) of the Lessee for itself or as agent or attorney-in-fact for the Lessor hereunder, (iii) as a result of claims for patent, trademark or copyright infringements, or (iv) as a result of claims for negligence or strict liability in tort.

provided, however, that the Lessee shall not be required by the provisions of this Section 6.1 to indemnify any such party for any such claim, cause of action, damages, liability,

cost or expense which is incurred by reason of the wrongful act of any such party, but the Lessee may not impose the wrongful act of any such party as a defense to the indemnification provided in this Section 6.1 for the benefit of any other such party.

The indemnities and assumptions of liabilities set forth in this Section 6.1 do not guarantee a residual value in the Equipment nor do they guarantee the payment of the CSA Indebtedness (as defined in the CSA) or any interest accrued thereon.

6.2 Continuation of Indemnities and Assumptions.
The indemnities and assumptions of liability in this Section 6 contained shall continue in full force and effect notwithstanding the termination of this Lease, or the termination of the term hereof in respect of any one or more Items of Equipment, whether by expiration of time, by operation of law or otherwise; provided, however, that such indemnities and assumptions of liability shall not apply in respect of any matters referred to in subsection (a) or clause (i), (ii) or (iv) of subsection (b) of Section 6.1 hereof, occurring after the termination of this Lease, except for any such matters occurring after the termination arising in connection with the Lessee's assembling, delivering, storing or transporting of the Equipment as provided in Section 13 or 15, as the case may be. The Lessee shall be entitled to control, and shall assume full responsibility for, the defense of such claim or liability.

SECTION 7. RULES, LAWS AND REGULATIONS

The Lessee agrees to comply with all governmental laws, regulations, requirements and rules with respect to the use and maintenance of each Item of Equipment subject to this Lease. In case any equipment or appliance is required to be altered, added, replaced or modified on any Item of Equipment in order to comply with such laws, regulations, requirements and rules, the Lessee agrees to make such alterations, additions, replacements and/or modifications at its own expense and title thereto shall be immediately vested in the Lessor.

SECTION 8. USE AND MAINTENANCE OF EQUIPMENT; INDEMNITY FOR
ACCESSIONS

8.1. Use and Maintenance. The Lessee shall use the Equipment only in the manner for which it was designed and intended and so as to subject it only to ordinary wear and tear. The Lessee shall, at its own cost and expense, maintain and keep the Equipment in good order, condition and repair, ordinary wear and tear excepted. Except as required by the provisions of Section 7 hereof, the Lessee shall not modify any Item of Equipment without the prior written authority and approval of the Lessor and any assignee pursuant to Section 16 hereof which shall not be unreasonably withheld. Any parts installed or replacements made by the Lessee upon any Item of Equipment pursuant to Section 7 hereof or pursuant to its obligation to maintain and keep the Equipment in good order, condition and repair under this Section 8 shall be considered accessions to such Item of Equipment and title thereto shall be immediately vested in the Lessor without cost or expense to the Lessor. The Lessee shall make no other additions or improvements to any Item of Equipment unless the same (a) are readily removable without causing material damage to such Item of Equipment or (b) meet the criteria set forth in section 4(4).03 of Rev. Proc. 75-21, 1975-1 C.B. 715, as amended by Rev. Proc. 79-28, ⁴/₈ I.R.B. *Amk*, 1979-39, 27. Title to any additions or improvements described in clause (b) of the preceding sentence shall be immediately vested in the Lessor and title to any additions or improvements described in clause (a) of the preceding sentence shall remain with the Lessee. If the Lessee shall at its cost cause additions or improvements described in clause (a) of the preceding sentence to be made to any Item of Equipment, the Lessee agrees that it will, prior to the return of such Item of Equipment to the Lessor hereunder, remove the same at its own expense without causing material damage to such Item of Equipment.

8.2. Indemnity for Accessions. If for any reason whatsoever all or any part of the cost of any accession referred to in Section 8.1 hereof made by the Lessee under and pursuant to the terms of this Lease or otherwise is required to be included in the gross income of the Lessor for Federal, state or local income tax purposes at any time prior to the time such Equipment is disposed of in a taxable transaction, the Lessee will pay Lessor, on demand, (i) an amount which, after deduction of all taxes required to be paid by Lessor in respect of the receipt thereof under the laws of any Federal, state or local government or taxing authority in the United States, shall be equal to the sum of the net additional Federal, state or local income taxes payable by Lessor from time to time as a result of such cost or portion thereof,

plus (ii) the amount of any interest penalties or additions to taxes payable as a result of any such cost or portion thereof; it being understood that the amount payable pursuant to this sentence shall not be due and payable by Lessee prior to the payment by Lessor of such net additional Federal, state or local income taxes.

SECTION 9. LIENS ON THE EQUIPMENT

The Lessee shall pay or satisfy and discharge any and all claims against, through or under the Lessee and its successors or assigns which, if unpaid, might constitute or become a lien or a charge upon any Item of Equipment, and any liens or charges which may be levied against or imposed upon any Item of Equipment as a result of the failure of the Lessee to perform or observe any of its covenants or agreements under this Lease, and any other liens or charges which arise by virtue of claims against, through or under any party other than the Lessor, but the Lessee shall not be required to pay or discharge any such claims so long as it shall, in good faith and by appropriate legal proceedings contest the validity thereof in any reasonable manner which will not affect or endanger the title of the Lessor or the security interest of any assignee under Section 16 hereof in and to the Equipment. The Lessee's obligations under this Section 9 shall survive the termination of this Lease.

SECTION 10. FILING; PAYMENT OF STATE AND LOCAL TAXES

10.1. Filing. The Lessee will, at its sole expense, cause this Lease, the Sublease, the CSA and the related Assignment to be duly filed, recorded or deposited in such public offices within or without the United States as the Lessor or the Assignee may reasonably request and will furnish the Lessor and the Assignee proof thereof. The Lessee will, from time to time, do and perform any other act and will execute, acknowledge, deliver, file, register and record (and will refile, reregister or rerecord whenever required) any and all further instruments required by law or reasonably requested by the Lessor or the Assignee, for the purpose of protecting the Lessor's title to, or the Assignee's security interest in, any Item of Equipment to the satisfaction of the Lessor's or the Assignee's counsel or for the purpose of carrying out the intention of this Lease, and in connection with any such action, will deliver to the Lessor and the Assignee proof of such filings. Without limiting the foregoing, the Lessee will take all such other action, to the

extent the same is required by law or reasonably requested by the Lessor's or the Assignee's counsel and will deliver to the Lessor and the Assignee appropriate proof thereof. The Lessee will pay all costs, charges and expenses incident to any such filing, refiling, recording and rerecording or depositing and redepositing of any such instruments or incident to the taking of such action.

10.2. State and Local Taxes. All payment to be made by the Lessee hereunder will be free of expense to the Lessor, the Manufacturer, any assignee thereof (including but not limited to the "Assignee") and any Investors pursuant to Section 16 hereof (including, without limitation, the Assignee) (the "Indemnitees") for collection or other charges and will be free of expense to the Indemnitees with respect to the amount of any local, state, Federal or foreign taxes (including but not limited to income, franchise, sales or use [other than sales or use taxes included in the Purchase Price], personal property, ad valorem, value added, leasing, leasing use, stamp, license fees or other taxes, levies, charges or withholdings of any nature) (excluding, however, (i) any United States Federal income tax [and, to the extent that any respective Indemnatee receives credit therefor against its United States Federal income tax liability, any foreign income tax of such Indemnatee] payable by any respective Indemnatee in consequence of the receipt of payments provided herein, and (ii) the aggregate of all net income or franchise taxes measured by net income based on such receipts, up to the amount of any such taxes which would be payable to the state and city in which such Indemnatee has its principal place of business without apportionment to any other state, except any such tax which is in substitution for or relieves the Lessee from the payment of taxes which it would otherwise be obligated to pay or reimburse as herein provided), and any charges, fines or penalties in connection therewith (hereinafter called "Impositions") hereafter levied or imposed upon or in connection with or measured by this Lease or any sale, rental, use, payment, shipment, delivery or transfer of title under the terms hereof or the Assignment, all of which Impositions the Lessee assumes and agrees to pay on demand in addition to the payments to be made by it provided for herein. The Lessee will also pay promptly all Impositions which may be imposed upon any Item of Equipment or for the use or operations thereof or upon the earnings arising therefrom or upon any Indemnatee solely by reason of its interest with respect thereto and will keep at all times all and every part of such

Item of Equipment free and clear of all Impositions which might in any way affect the interest of any Indemnatee therein or result in a lien upon any such Item of Equipment; provided, however, that the Lessee shall be under no obligation to pay any Impositions so long as it is contesting in good faith and by appropriate legal proceedings such Impositions and the nonpayment thereof does not, in the reasonable opinion of the Indemnatee, adversely affect the interest of any Indemnatee hereunder or under the Assignment. If any Impositions shall have been charged or levied against any Indemnatee directly and paid by such Indemnatee after such Indemnatee shall have given written notice thereof to the Lessee and the same shall have remained unpaid for a period of 15 business days thereafter, the Lessee shall reimburse such Indemnatee on presentation of invoice therefor. Prior to making such payment, such Indemnatee shall promptly notify the Lessee of the Impositions charged or levied, and the Lessee shall have the opportunity to contest in good faith and by appropriate legal proceedings such Impositions, at its sole expense.

In the event any reports with respect to Impositions are required to be made on the basis of individual Items of Equipment, the Lessee will either prepare and file such reports in such manner as to show as required the interests of each Indemnatee in such Items of Equipment or, if it shall not be permitted to file the same, it will notify each Indemnatee of such reporting requirements, prepare such reports in such manner as shall be satisfactory to each Indemnatee and deliver the same to each Indemnatee within a reasonable period prior to the date the same is to be filed.

In the event that, during the continuance of this Lease, any Imposition accrues or becomes payable or is levied or assessed (or is attributable to the period of time during which this Lease is in existence) which the Lessee is or will be obligated to pay or reimburse, pursuant to this Section 10.2, such liability shall continue, notwithstanding the expiration of this Lease, until all such Impositions are paid or reimbursed by the Lessee.

SECTION 11. INSURANCE; PAYMENT FOR CASUALTY OCCURRENCE

11.1. Insurance. The Lessee agrees that it will at all times during the term of this Lease and during any storage period hereunder and at its own cost and expense keep each Item of Equipment insured against loss by fire,

windstorm and explosion and with extended coverage and against such other risks as are customarily insured against by railroad companies at not less than the full insurable value (actual replacement value less actual physical depreciation) thereof and in any event not less than the Casualty Value of such Item of Equipment as of the next following date of payment thereof and will maintain general public liability insurance with respect to the Equipment against damage because of bodily injury, including death, or damage to property of others, such insurance to afford protection to the limit of not less than \$1,000,000 in the aggregate in any single occurrence. Any such property insurance may have deductible provisions to no greater extent than \$5,000 per Item of Equipment (subject to \$10,000 maximum per occurrence), and any public liability insurance may have deductible provisions to no greater extent than \$15,000 in the aggregate in any single occurrence.

All such insurance shall cover the interest of the Lessor, the Lessee and the Assignee in the Equipment or, as the case may be, shall protect the Lessor, the Lessee and the Assignee in respect of risks arising out of the condition, maintenance, use, ownership and operation of the Equipment and shall provide that losses, if any, in respect to the Equipment shall be payable to the Lessee and the Lessor as their respective interests may appear; provided, however, that upon receipt by the Lessee of notice of the assignment of this Lease and the rents and other sums payable hereunder the Lessee shall cause the property insurance on the Equipment to provide that the losses, if any, shall be payable (except as provided below) to the Assignee under a standard mortgage loss payable clause satisfactory to the Lessor, the Lessee and the Assignee. All policies of insurance maintained pursuant to this Section shall provide that 30 days' prior written notice of cancelation, termination or expiration shall be given to the Lessor and the Assignee and that such insurance as to the interest of the Lessor or the Assignee therein shall not be invalidated by any act or neglect of the Lessor or the Lessee or by any foreclosure or other remedial proceedings or notices thereof relating to the Equipment or any interest therein nor by any change in the title or ownership of the Equipment or any interest therein or with respect thereto or by the use or operation of the Equipment for purposes more hazardous than is permitted by such policy. No such policy shall require co-insurance. The loss, if any, shall be adjusted only with the approval of the Lessee, the Lessor and the Assignee. All such policies shall provide that the loss, if any, thereunder shall be adjusted and paid as provided in this Lease.

The Lessee shall further furnish the Lessor and the Assignee with certificates or other satisfactory evidence of maintenance of the insurance required hereunder which shall include, without limitation, statements to the effect set forth in the preceding paragraph and with respect to any renewal policy or policies shall furnish certificates evidencing such renewal prior to the expiration date of the original policy or policies. All insurance provided for in this Section shall be effective with insurance companies approved by the Lessor and the Assignee, which approval shall not be unreasonably withheld.

The proceeds of any property insurance received by the Lessor or the Assignee will be paid to the Lessee either (i) upon a written application signed by the Lessee for payment of, or to reimburse the Lessee for payment of, the costs of repairing, restoring or replacing the Item of Equipment which has been lost, damaged or destroyed (which application shall be accompanied by satisfactory evidence of such cost and the completion of such repair, restoration or replacement) or (ii) if this Lease is terminated with respect to such Item of Equipment because of the destruction thereof promptly upon payment by the Lessee of the Casualty Value; provided that, if the Lessee is at the time of the application in default in the payment of any other liability of the Lessee to the Lessor hereunder, such proceeds may be applied against such liability; and provided further that the Lessor shall retain or be paid the proceeds of any property insurance to the extent such proceeds exceed the Casualty Value.

11.2. Duty of Lessee To Notify Lessor. In the event that any Item of Equipment shall be or become lost, stolen, destroyed, or, in the opinion of the Lessee, irreparably damaged during the term of this Lease or thereafter while such Item of Equipment is in the possession of the Lessee or the Sublessee pursuant to Section 13 or 15 hereof, or title or use thereof shall be requisitioned or taken over by any governmental authority under the power of eminent domain or otherwise during the term of this Lease for a stated period which exceeds the then remaining term of this Lease (any such occurrence being hereinafter called a "Casualty Occurrence"), the Lessee shall promptly and fully (after it has knowledge of such Casualty Occurrence) inform the Lessor and any assignee thereof pursuant to Section 16 hereof in regard thereto (including, without limitation, the Assignee) and shall pay the Casualty Value (as defined in Section 11.6 hereof) of such Item in accordance with the terms of Section 11.3 hereof.

11.3. Sum Payable for Casualty Loss. The Lessee, on the Term Lease Commencement Date or, in the event of a Casualty Occurrence after such date, on the next succeeding Interim Rental Payment Date or Fixed Rental Payment Date or the last day of the term of this Lease, as the case may be, following its knowledge of a Casualty Occurrence with respect to any Item or Items of Equipment, shall pay to the Lessor the installment of rental due on such payment date for such Item of Equipment plus any rentals or other sums due prior to such date then remaining unpaid plus a sum equal to the Casualty Value of such Item of Equipment as of the date of such payment.

11.4. Rent Termination. Upon (and not until) payment of all sums required to be paid pursuant to Section 11.3 hereof in respect of any Item or Items of Equipment, the obligation to pay rent for such Item or Items of Equipment accruing subsequent to the Casualty Value payment date shall terminate, but the Lessee shall continue to pay rent for all other Items of Equipment.

11.5. Disposition of Equipment. The Lessee shall, as agent for the Lessor, dispose of such Item or Items of Equipment having suffered a Casualty Occurrence as soon as it is able to do so for the fair market value thereof. Any such disposition shall be on an "as is, where is" basis without representation or warranty, express or implied. As to each separate Item of Equipment so disposed of, the Lessee may, so long as no Event of Default shall have occurred and be continuing hereunder, retain all amounts arising from such disposition plus any insurance proceeds and damages received by the Lessee by reason of such Casualty Occurrence plus any requisition or condemnation payments or awards up to the Casualty Value attributable thereto and actually paid by the Lessee pursuant hereto plus the difference, if any, between the Casualty Value payable hereunder and the Casualty Value payable under the Sublease or any other Permitted Sublease and shall remit the excess, if any, to the Lessor. In disposing of such Item of Equipment, the Lessee shall take such action as the Lessor shall reasonably request to terminate any contingent liability which the Lessor might have arising after such disposition from or connected with such Item of Equipment.

11.6. Casualty Value. The Casualty Value of each Item of Equipment shall be an amount determined as of the date the Casualty Value is paid as provided in this Section 11 (and not the date of the Casualty Occurrence) equal to that percentage of the Purchase Price of such Item

of Equipment set forth in the applicable Schedule of Casualty Values attached hereto as Schedule B opposite such date of payment.

11.7. Risk of Loss. The Lessee shall bear the risk of loss and, except as hereinabove in this Section 11 provided, shall not be released from its obligations hereunder in the event of any Casualty Occurrence to any Item of Equipment from and after the date hereof and continuing until payment of the Casualty Value and all rental installments and other sums due on and prior to the date of payment of such Casualty Value in respect of such Item of Equipment has been made, such Item or the salvage thereof has been disposed of by the Lessee and the title to such Item or the salvage thereof and all risk of loss and liabilities incident to ownership have been transferred to the purchaser of such Item or the salvage thereof.

11.8. Eminent Domain. In the event that during the term of this Lease the use of or title to any Item of Equipment is requisitioned or taken by any governmental authority under the power of eminent domain or otherwise for an indefinite period or for a stated period which does not exceed the term of this Lease, the Lessee's obligation to pay all installments of rental and other sums shall continue for the duration of such requisitioning or taking. The Lessee shall be entitled to receive and retain for its own account all sums payable for any such period by such governmental authority as compensation for requisition or taking of possession. If at the end of the then current term of this Lease any Item of Equipment is then owned or held by any governmental authority under the power of eminent domain or otherwise and this Lease shall not then be renewed pursuant to Section 18 hereof, from and after such date the Lessor shall be entitled to receive and retain for its own account all sums payable by such governmental authority as compensation for requisition or taking of possession.

SECTION 12. ANNUAL REPORTS

12.1. Duty of Lessee to Furnish. On or before the first March 1 which occurs more than 12 months following the date of this Lease and annually thereafter, the Lessee will furnish to the Lessor and any assignee thereof pursuant to Section 16 hereof (including, without limitation, the Assignee) an accurate statement, as of the preceding December 31 (a) showing the amount, description and numbers of

the Items of Equipment then leased hereunder, the amount, description and numbers of all Items of Equipment that may have suffered a Casualty Occurrence during the 12 months ending on such December 31 (or since the date of this Lease, in the case of the first such statement), and such other information regarding the condition or repair of the Equipment as the Lessor may reasonably request, and (b) stating that, in the case of all Equipment repainted during the period covered by such statement, the markings required by Section 4.2 hereof shall have been preserved or replaced.

12.2. Lessor's Inspection Rights. The Lessor and any assignee thereof pursuant to Section 16 hereof (including, without limitation, the Assignee and any Investor) each shall have the right, at their respective sole cost and expense, by their respective authorized representatives, to inspect the Equipment and the Lessee's records with respect thereto, at such time as shall be reasonably necessary to confirm thereto the existence and proper maintenance of the Equipment during the continuance of this Lease.

12.3. Other Reports. The Lessee agrees to prepare and deliver to the Lessor within a reasonable time prior to the required date of filing (or, to the extent permissible, file on behalf of the Lessor) any and all reports (other than income tax returns) to be filed by the Lessor with any Federal, state or other regulatory authority by reason of the ownership by the Lessor of the Equipment or the interest of the Assignee therein or the Leasing thereof to the Lessee.

SECTION 13. RETURN OF EQUIPMENT UPON EXPIRATION OF TERM

Upon the expiration of the term of this Lease with respect to any Item of Equipment, the Lessee will, at its own cost and expense, at the request of the Lessor, deliver possession of such Item of Equipment to the Lessor at such location on property owned or leased by the Lessee or the Sublessee or any company affiliated therewith as the Lessor may designate, or in the absence of such designation, as the Lessee may select, and permit the Lessor to store such Item of Equipment at such place for a period not exceeding 90 days from the date on which 90% of the Items of Equipment are placed in storage under this § 13, and will deliver such Items to any reasonable place on any railroad lines operated by the Lessor or to a reasonable site within 500 miles of the place of storage, all as directed by the Lessor upon not less

than 30 days' written notice to the Lessee. All movement and storage of each such Item is to be at the risk and expense of the Lessee, and the insurance requirements contained in Section 11.1 hereof shall continue to apply throughout such period of movement and storage. During any such storage period the Lessee will permit the Lessor or any person designated by it, including the authorized representative or representatives of any prospective purchaser of any such Item, to inspect the same; provided, however, that the Lessee shall not be liable, except in the case of negligence of the Lessee or of its employees or agents, for any injury to, or the death of, any person exercising, either on behalf of the Lessor or any prospective purchaser, the rights of inspection granted under this sentence. The assembling, delivery, storage and transporting of the Equipment as hereinbefore provided are of the essence of this Lease, and upon application to any court of equity having jurisdiction in the premises the Lessor shall be entitled to a decree against the Lessee requiring specific performance of the covenants of the Lessee to so assemble, deliver, store and transport the Equipment. Each Item of Equipment returned to the Lessor pursuant to this § 13 shall (i) be in the same operating order, repair and condition as when originally delivered to the Lessee, reasonable wear and tear excepted, and (ii) meet the standards then in effect under the Interchange Rules of the Association of American Railroads and/or the applicable rules of any governmental agency or other organization with jurisdiction. All amounts earned in respect of the Equipment after the date of expiration of this Lease shall belong to the Lessor and, if received by the Lessee, shall be promptly turned over to the Lessor. In the event any Item of Equipment is not assembled, delivered and stored as hereinabove provided within 30 days after the expiration of this Lease, the Lessee shall, in addition, pay to the Lessor for each day thereafter an amount equal to the amount, if any, by which the Fair Rental Value (determined in the manner provided in Section 18 hereof) for such Item of Equipment for each such day exceeds the amount, if any, received by the Lessor (either directly or from the Lessee) for such day for such Item pursuant to the preceding sentence.

SECTION 14. DEFAULT

14.1. Events of Default. Any of the following

events shall constitute an Event of Default hereunder:

(a) default shall be made in the payment of any part of the rental or Casualty Value provided in Section 2 or 11 hereof and such default shall continue for five business days;

(b) the Lessee shall make or permit any unauthorized assignment or transfer of this Lease, or of possession of the Equipment, or any portion thereof;

(c) any representation or warranty made by the Lessee herein or in the Participation Agreement or in any statement or certificate furnished to the Lessor, the Assignee or any Investor pursuant to or in connection with this Lease or the Participation Agreement proves untrue in any material respect as of the date of issuance or making thereof;

(d) default shall be made in the observance or performance of any of the covenants and agreements of the Lessee contained in Section 11.1 of this Lease;

(e) default shall be made in the observance or performance of any other of the covenants and agreements on the part of the Lessee contained herein or in the Participation Agreement and any such default shall continue for 30 days after written notice from the Lessor to the Lessee, specifying the default and demanding the same to be remedied;

(f) any holder of Funded Debt (as defined below) of the Lessee or a trustee for such holder shall cause to be accelerated the payment thereof prior to its stated maturity or its regularly scheduled dates of payment, or any lessor or assignee thereof shall terminate or shall initiate appropriate proceedings to enforce any Capitalized Lease (as defined below), in each such case upon the happening of a default or event, and following such giving of notice and/or the continuance of such period of time, if any, as shall permit such acceleration or termination or the initiation of such proceedings;

(g) the Lessee becomes insolvent or bankrupt or admits in writing its inability to pay its debts as they may mature, or makes an assignment for the benefit of creditors or applies for or consents to the appointment

of a trustee or receiver for the Lessee or for the major part of its property;

(h) a trustee or receiver is appointed for the Lessee or for the major part of its property and is not discharged within 60 days after such appointment; or

(i) any other proceedings shall be commenced by or against the Lessee for any relief which includes any modification of the obligations of the Lessee hereunder under any bankruptcy or insolvency laws, or laws relating to the relief of debtors, readjustment of indebtedness, reorganizations, arrangements, compositions or extension (other than a law which does not permit any readjustment of such obligations), and, unless such proceedings shall have been dismissed, nullified, stayed or otherwise rendered ineffective (but then only so long as such stay shall continue in force or such ineffectiveness shall continue), all such obligations shall not have been duly assumed in writing, pursuant to a court order or decree, by a trustee or trustees or receiver or receivers appointed (whether or not subject to ratification) for the Lessee or for the property of the Lessee in connection with any such proceedings, in such manner that such obligations shall have the same proceedings, in such manner that such obligations shall have the same status as obligations incurred by such trustee or trustees or receiver or receivers, within 60 days after such proceedings shall have been commenced.

"Funded Debt" of the Lessee shall mean any indebtedness thereof for borrowed money, whether incurred, assumed or guaranteed, or indebtedness which has been incurred, assumed or guaranteed in connection with the acquisition of property or assets (including any deferred portion of the purchase price thereof) which in any case has an unpaid principal balance of more than \$100,000 and has a stated maturity of (or is renewable or extendible at the option of the obligor for a period or periods extending) more than 12 months from its date of origin, including the current maturities thereof.

"Capitalized Lease" shall mean any lease of real or personal property by the Lessee, as Lessee, which as originally executed provides, or is amended to provide, for a term (including the initial term and any period for which such lease may be renewed or extended at the option of the Lessor) of more than three years and which has an unexpired

term of more than one year (including any such renewal or extension periods) and which provides for the payment by such Lessee throughout the then remaining term of the lease of periodic rental installments aggregating more than \$100,000, whether or not such lease or the rentals thereunder are reflected in the balance sheet of said lessee, or any lease of real or personal property by any other party otherwise described above for which the Lessee has assumed or guaranteed the obligations of the Lessee thereunder.

14.2. Remedies. If any Event of Default has occurred and is continuing, the Lessor or, in the event this Lease shall be assigned to an assignee pursuant to Section 16 hereof, such assignee, at its option, may:

(a) proceed by appropriate court action or actions, either at law or in equity, to enforce performance by the Lessee of the applicable covenants of this Lease or to recover damages for the breach thereof, including net after-tax losses of Federal and state income tax benefits to which the Lessor would otherwise be entitled under this Lease and reasonable attorneys' fees; or

(b) by notice in writing to the Lessee, terminate this Lease, whereupon all right of the Lessee to the use of the Equipment shall absolutely cease and terminate as though this Lease had never been made, but the Lessee shall remain liable as hereinafter provided; and thereupon, the Lessor may by its agents enter upon the premises of the Lessee or other premises where any of the Equipment may be located and take possession of all or any of the Items of Equipment and thenceforth hold, possess and enjoy the same free from any right of the Lessee, or its successors, assigns or sublessees, to use such Items for any purpose whatever, but the Lessor or such assignee, as the case may be, shall nevertheless have a right to recover from the Lessee any and all amounts which may have accrued to the date of such termination (computing the rental for any number of days less than a full rental period by multiplying the rental for such full rental period by a fraction of which the numerator is such number of days and the denominator is the total number of days in such full rental period) and also to recover forthwith from the Lessee (i) as damages for loss of the bargain and not as a penalty, whichever of the following amounts the Lessor or such assignee, as

the case may be, in its sole discretion, shall specify: (x) a sum with respect to each Item of Equipment which represents the excess of the present worth, at the time of such termination, of all rentals for such Item which would otherwise have accrued hereunder from the date of such termination to the end of the term of this Lease over the then present worth of the then Fair Rental Value of such Item for such period computed by discounting from the end of such term to the date of such termination rentals which the Lessor or such assignee, as the case may be, reasonably estimates to be obtainable for the use of such Item during such period, such present worth to be computed in each case on a basis of a 7% per annum discount, compounded monthly from the respective dates upon which rentals would have been payable hereunder had this Lease not been terminated, or (y) an amount equal to the excess of any of the Casualty Value of such Item of Equipment as of the rent payment date on or immediately preceding the date of termination over the amount the Lessor or such assignee, as the case may be, reasonably estimates to be the Fair Market Value thereof at such time; provided, however, that in the event the Lessor or such assignee, as the case may be, shall have sold any Item of Equipment, such party, in lieu of collecting any amounts payable thereto by the Lessee pursuant to the preceding clauses (x) and (y) of this part (i) with respect thereto may, if it shall so elect, demand that the Lessee pay such party and the Lessee shall pay to such party, on the date of such sale, as liquidated damages for loss of a bargain and not as a penalty, an amount equal to the excess, if any, of the Casualty Value of such Item of Equipment as of the rent payment date on or immediately preceding the date of termination over the net proceeds of such sale, and (ii) any damages and expenses, other than for a failure to pay rental, in addition thereto, including reasonable attorneys' fees, which the Lessor or such assignee, as the case may be, shall have sustained by reason of the breach of any covenant or covenants of this Lease other than for the payment of rental; and/or

(c) direct the Sublessee under the Sublease or any Sublessee under any other Permitted Sublease to pay all rentals and other amounts and render all performances due to the Lessee thereunder to the Lessor or such assignee, as the case may be, which direction shall be joined in by the Lessee.

For purposes of Section 14.2 above, the Fair Rental Value for any Item of Equipment shall be determined in the appraisal arrangements specified in Section 18.2(b) hereof and the Fair Market Value for any Item of Equipment shall be determined in a similar manner with appropriate adjustments for sale rather than rental, with any appraisal expenses to be borne by the Lessee; provided that any sale in a commercially reasonable manner of any Item of Equipment prior to any such determination shall conclusively establish the Fair Market Value of such Item and any rental in a commercially reasonable manner of any Item of Equipment prior to any such determination shall conclusively establish the Fair Rental Value of such Item.

14.3. Cumulative Remedies. The remedies in this Lease provided in favor of the Lessor shall not be deemed exclusive, but shall be cumulative and shall be in addition to all other remedies in its favor existing at law or in equity. The Lessee hereby waives any mandatory requirements of law, now or hereafter in effect, which might limit or modify any of the remedies herein provided, to the extent that such waiver is permitted by law. The Lessee hereby waives any and all existing or future claims of any right to assert any offset against the rent payments due hereunder, and agrees to make the rent payments regardless of any offset or claim which may be asserted by the Lessee on its behalf in connection with the lease of the Equipment.

14.4. Failure to Exercise Rights. The failure of the Lessor or such assignee, as the case may be, to exercise the rights granted it hereunder upon any occurrence of any of the contingencies set forth herein shall not constitute a waiver of any such right upon the continuation or recurrence of any such contingencies or similar contingencies.

14.5. Notice of Event of Default. The Lessee also agrees to furnish to the Lessor and the Assignee, promptly upon any responsible officer's becoming aware of any condition which constituted or constitutes an Event of Default under this Lease or which, after notice or lapse of time, or both, would constitute such an Event of Default, written notice specifying such condition and the nature and status thereof and indicating the intention or expectation of the Lessee as to the disposition thereof. For the purposes of this Section 14.5 a "responsible officer" shall mean, with respect to the subject matter of any covenant, agreement or obligation of the Lessee in this Lease contained, any corporate

officer of the Lessee who, in the normal performance of his operational responsibilities, would have knowledge of such matter and the requirements of this Lease with respect thereto.

SECTION 15. RETURN OF EQUIPMENT UPON DEFAULT.

15.1. Lessee's Duty to Return. If the Lessor or any assignee of the Lessor pursuant to Section 16 hereof (including, without limitation, the Assignee) shall terminate this Lease pursuant to Section 14 hereof, the Lessee shall forthwith deliver possession of the Equipment to the Lessor. For the purpose of delivering possession of any Item of Equipment to the Lessor as above required, the Lessee shall at its own cost, expense and risk (except as hereinafter stated):

(a) forthwith place such Equipment at such location on property owned or leased by the Sublessee, or if the Sublease shall have been terminated, at such other reasonable place as the Lessor may designate or, in the absence of such designation, as the Lessee may select;

(b) permit the Lessor to store such Equipment on such place without charge for Insurance, rent or storage until such Equipment has been sold, leased or otherwise disposed of by the Lessor; and

(c) transport each Item of Equipment one time to any place on the lines of railroad operated by the Lessor to a reasonable site within 500 miles of the place of storage, all as the Lessor may direct in writing.

Each Item of Equipment returned to the Lessor pursuant to this § 15 shall (i) be in the same operating order, repair and condition as when originally delivered to the Lessee, reasonable wear and tear excepted, and (ii) meet the standards then in effect under the Interchange Rules of the Association of American Railroads and/or the applicable rules of any governmental agency or other organization with jurisdiction. All amounts earned in respect of the Equipment after the date of termination of this Lease shall belong to the Lessor or, in the event this Lease has been assigned pursuant to Section 16 hereof, to such assignee, and, if received by the Lessee, shall be promptly turned over to the

Lessor, or in the case of such assignment, to such assignee. In the event any Item of Equipment is not assembled, delivered and stored as hereinabove provided within 30 days after the termination of this Lease, the Lessee shall, in addition, pay to the Lessor or, in the case of such assignment, to such assignee for each day thereafter an amount equal to the amount, if any, by which the Fair Rental Value (determined in the manner provided in Section 18 hereof) for such Item of Equipment for each such day exceeds the amount, if any, received by the Lessor or such assignee (either directly or from the Lessee) for such day for such Item pursuant to the preceding sentence.

15.2. Specific Performance. The assembling, delivery, storage and transporting of the Equipment as hereinbefore provided are of the essence of this Lease, and upon application to any court of equity having jurisdiction in the premises, the Lessor shall be entitled to a decree against the Lessee requiring specific performance of the covenants of the Lessee so to assemble, deliver, store and transport the Equipment.

15.3. Lessor Appointed Lessee's Agent. Without in any way limiting the obligation of the Lessee under the foregoing provisions of this Section 15, the Lessee hereby irrevocably appoints the Lessor as the agent and attorney of the Lessee, with full power and authority, at any time while the Lessee is obligated to deliver possession of any Items of Equipment to the Lessor, to demand and take possession of such Item in the name and on behalf of the Lessee from whomsoever shall be at the time in possession of such Item.

SECTION 16. ASSIGNMENTS BY LESSOR

This Lease and all rent and all other sums due or to become due hereunder may be assigned in whole or in part by the Lessor to the Assignee without the consent of the Lessee, but the Lessee shall be under no obligation to the Assignee except upon written notice of such assignment from the Lessor. Upon notice to the Lessee of any such assignment, the rent and other sums payable by the Lessee which are the subject matter of the assignment shall be paid to or upon the written order of the Assignee. Without limiting the foregoing, the Lessee further acknowledges and agrees that (i) the rights of the Assignee in and to the sums payable by the Lessee under any provision of this Lease shall not be

subject to any abatement whatsoever and shall not be subject to any defense, setoff, counterclaim or recoupment whatsoever whether by reason of failure of or defect in the Lessor's title, or any interruption from whatsoever cause in the use, operation or possession of the Equipment or any part thereof, or any damage to or loss or destruction of the Equipment or any part thereof, or by reason of any other indebtedness or liability, whenever arising of the Lessor to the Lessee or to any other person, firm or corporation or to any governmental authority or for any cause whatsoever, it being the intent hereof that, except in the event of a wrongful act on the part of the Assignee, the Lessee shall be unconditionally and absolutely obligated to pay the Assignee all of the rents and other sums which are the subject matter of the assignment, (ii) the Assignee shall, if an Event of Default, or any event which with the lapse of time or the giving of notice, or both, would constitute such an Event of Default, shall have occurred and be continuing, have the sole right to exercise all rights, privileges and remedies (either in its own name or in the name of the Lessor for the use and benefit of the Assignee) which by the terms of this Lease are permitted or provided to be exercised by the Lessor (except those rights, privileges and remedies relating to amounts payable to the Lessor pursuant to Sections 6, 10.2, 11.1 [with respect to public liability insurance] and 22.2 hereof which shall remain enforceable by the Lessor), but if no Event of Default or event which with the lapse of time or giving of notice, or both, would constitute an Event of Default, shall have occurred and be continuing, the Assignee and the Lessor may each exercise their respective rights, privileges and remedies stated in this Lease to be provided for their respective benefits, and (iii) all obligations of the Lessor to the Lessee under this Lease shall be and remain enforceable by the Lessee against, and only against, the Lessor.

Upon satisfaction in full of the CSA, and subject to the rights of the Lessee and the Sublessee, this Lease and all rent and all other sums due or to become due hereunder may be assigned in whole or in part by the Lessor to a party ("Subsequent Assignee") without the consent of the Lessee, but the Lessee shall be under no obligation to the Subsequent Assignee except upon written notice of such assignment.

SECTION 17. ASSIGNMENTS BY LESSEE; USE AND POSSESSION;
PRIORITY

17.1. Lessee's Rights to the Equipment. So long

as no Event of Default shall have occurred and be continuing, the Lessee shall be entitled to the possession and use of the Equipment in accordance with the terms of this Lease, but, without the prior written consent of the Lessor, the Lessee shall not, except to the extent permitted by the provisions of Section 17.2 hereof, assign, transfer or encumber its leasehold interest under this Lease in any of the Equipment. The Lessee shall not, without the prior written consent of the Lessor, part with the possession or control of, or suffer or allow to pass out of its possession or control, any of the Equipment, except to the extent permitted by the provisions of Section 17.2 hereof.

17.2. Other Use and Possession by Lessee; Permitted Subleases. So long as the Lessee shall not be in default under this Lease, the Lessee shall be entitled to the possession of the Equipment and to the use thereof throughout the continental United States and Canada, but only upon and subject to all the terms and conditions of this Lease; provided that the Lessee agrees that the use of the Equipment outside the continental United States shall be de minimis. The Lessee may use the Equipment or any portion thereof on any lines of railroad owned by it or any affiliate and in connection therewith may permit any Item of Equipment to be transported by rail throughout the railroad system operated by the Sublessee or its affiliated companies and by connecting and other carriers in the usual interchange of traffic. The Lessee agrees that it will not assign this Lease or any of its rights hereunder or sublease any Item of Equipment; provided, however, that nothing contained in this Lease shall be deemed to prevent the sublease of any Item of Equipment in accordance with the provisions set forth below in this Section 17.2. No such sublease or permitted use shall relieve the Lessee of any of the obligations, liabilities or duties hereunder, which shall be and remain those of a principal and not a guarantor.

So long as the Lessee shall not be in default under this Lease, the Lessee shall be entitled to sublease the Items of Equipment to (i) the Sublessee under the Sublease, and (ii) such other sublessees under such terms of sublease as, in each case, shall have been approved in writing by the Lessor (the Sublease and such other subleases being herein sometimes together called the "Permitted Subleases"); provided, however, that any such Permitted Sublease and the rights and interests of any sublessee thereunder shall in all events be subject and subordinate to this Lease and the rights and

interests of the Lessor and its respective successors and assigns hereunder and, in the case of subleases for a term of more than 90 days, shall confirm such subordination by a provision therein substantially in the form of Section 7(c) of the Sublease and such Permitted Sublease shall in all cases be for a term expiring not later than the end of the then current term of this Lease. So long as the Lessee shall not be in default under this Lease, each Item of Equipment may, under the terms of this Lease and pursuant to any such Permitted Sublease, be used upon connecting and other carriers in normal service, but only upon and subject to all of the terms and conditions of this Lease.

17.3. Merger, Consolidation or Acquisition of Lessee. Nothing in this Section 17 shall be deemed to restrict the right of the Lessee to assign or transfer its leasehold interest under this Lease in the Equipment or possession of the Equipment to any corporation into or with which the Lessee shall have become merged or consolidated or which shall have acquired or leased all or substantially all of the property of the Lessee; provided that such assignees, successors or transferees shall have duly assumed the obligations of the Lessee hereunder and that they will not, upon the effectiveness of such merger or consolidation or acquisition of properties and the assumption of such obligations, be in default under any provision of this Lease and that such merger or consolidation or acquisition of Properties shall not alter in any way the Lessee's obligations to the Lessor hereunder which shall be and remain those of a principal and not a guarantor.

SECTION 18. RIGHT OF FIRST REFUSAL; RENEWAL OPTIONS

18.1. Right of First Refusal. Provided that the Lessee is not in default hereunder, the Lessor shall not for a period of one year after the end of the term of this Lease or any renewal term thereof, sell, transfer or otherwise dispose of the Equipment (except pursuant to lease thereof) unless:

(a) the Lessor shall have received from a responsible purchaser or purchasers a bona fide offer, or offers, satisfactory to the Lessor in writing, to purchase all or any portion of the Items of Equipment;

(b) the Lessor shall have given the Lessee and,

so long as the Sublease shall not have expired or been terminated, the Sublessee, notice (i) setting forth in detail the identity of such purchaser, the proposed purchase price, the proposed date of purchase and all other material terms and conditions of such purchase, including, without limitation, any arrangements for the financing of such purchase known to the Lessor, and (ii) offering to sell such Items of Equipment to the Sublessee, or if the Sublessee does not so exercise such right of purchase, to the Lessee upon the same terms and conditions as those set forth in such notice; provided, however, that the purchase price paid by the Lessee or the Sublessee for such Items of Equipment shall not be less than the Fair Market Value thereof as of the date of purchase determined in the manner provided in Section 18.2(b) hereof for the determination of Fair Rental Value, with appropriate adjustments for sale rather than rental, without taking into account any decrease in value attributable to the existence of this Lease; and

(c) the Lessor shall not have received written notification from the Lessee or the Sublessee within 20 days following such notice of the election to purchase such Items of Equipment upon such terms and conditions.

The Sublessee is hereby agreed on the part of both the Lessor and the Lessee to be a third party beneficiary to the undertakings set forth in this Section 18.1.

18.2. Renewal Options. Provided that no Event of Default, or any event which with the lapse of time or the giving of notice, or both, would constitute such an Event of Default, shall have occurred and be continuing, the Lessee shall have the following renewal options:

(a) The Lessee shall have the option to renew and extend this Lease as to all, but not less than all, of the Items of Equipment then leased hereunder for three one-year renewal terms, upon and subject to the terms and conditions herein contained for the original term of this Lease; provided that the Fixed Rental payable for and during each renewal term shall be an amount equal to the Fair Rental Value of such Items of Equipment and the Casualty Value in force throughout each renewal term shall be the higher of (i) an amount equal to 20% of the Purchase Price thereof, or (ii) the Fair Market Value thereof determined at the commencement of such renewal term (determined in the manner below provided for the determination of Fair Rental Value, with appropriate

adjustments for sale rather than rental). Each renewal term shall commence immediately upon the expiration of the preceding term, subject only to the right of the Lessee to cancel its election to renew not less than 90 days prior to the date of commencement of such renewal term as provided in Section 18.2(b) hereof. The Lessee shall give the Lessor written notice of any such election at least 260 days prior to the commencement of any renewal term provided for in this Section 18.2.

(b) The Fair Rental Value of an Item of Equipment shall be determined on the basis of, and shall be equal in amount to, the value which would obtain in an arm's-length transaction between an informed and willing lessee (other than a lessee currently in possession) and an informed and willing lessor under no compulsion to lease. If on or before 180 days prior to the date of commencement of the renewal term elected by the Lessee, the Lessor and the Lessee are unable to agree upon a determination of the Fair Rental Value of the Item of Equipment, such value shall be determined in accordance with the foregoing definition by a qualified independent Appraiser. The term "Appraiser" shall mean two independent appraisers, one chosen by the Lessor and one chosen by the Lessee, or, if such appraisers cannot agree on the amount of such value within 150 days prior to the date of commencement of the renewal term elected by the Lessee, determined on the basis of an appraisal made by a third appraiser chosen by the American Arbitration Association. If either the Lessor or Lessee shall fail to choose an appraiser within 10 days of the commencement of said 180-day period, then any appraiser so appointed by the other such party shall be the "Appraiser". The Appraiser shall be instructed to make such determination within a period of 30 days following appointment, and shall promptly communicate such determination in writing to the Lessor and the Lessee. The determination so made shall be conclusively binding upon both the Lessor and the Lessee; provided, however, that at any time during the appraisal procedure or following the determination of Fair Rental Value but in no event later than 90 days prior to the date of commencement of the renewal term elected by the Lessee, the Lessee may cancel its election to renew this Lease by providing written notice to the Lessor of such cancelation prior to the commencement of said 90-day period. The expenses and fees of the Appraiser shall be borne by the Lessee.

18.3. Delivery of Equipment. Unless the Lessee has elected to purchase the Items of Equipment then leased hereunder or to renew this Lease in respect of such Items of Equipment as provided in this Section 18, all of such Items of Equipment shall be returned to the Lessor at the end of the original term, or the then current renewal term, as the case may be, in accordance with Section 13 hereof.

SECTION 19. INTEREST ON OVERDUE RENTALS

Anything to the contrary herein contained notwithstanding, any nonpayment of rent due hereunder shall result in the additional obligation on the part of the Lessee to pay also an amount equal to 12% per annum on the overdue rentals or other obligations of the Lessee hereunder for the period of time during which they are overdue.

SECTION 20. COLLATERAL ASSIGNMENT BY LESSEE OF PERMITTED SUBLEASES

20.1. Assignment. As collateral security for the payment of any and all of the obligations and liabilities of the Lessee due hereunder, the Lessee does hereby grant a security interest in and assigns to the Lessor all of its right, title and interest which it has acquired or may have acquired under and pursuant to each and all Permitted Subleases whether now existing or hereafter entered into, including, without limitation, the Equipment Sublease dated as of November 1, 1979, between the Lessee and New Hope & Ivyland Railroad Company and also in any and all extensions and renewals thereof or of any other Permitted Subleases, including the right to any and all sums and moneys payable to the Lessee pursuant thereto or to any other Permitted Subleases and any and all rights of the Lessee to receive said sums and moneys.

20.2. Further Assignment. The Lessee acknowledges and agrees that (i) all rights and interests of the Lessor pursuant to this Section 20 may be assigned by the Lessor to any assignee in accordance with Section 16 hereof, and (ii) the assignment provided for in this Section 20 shall not in any way obligate the Lessor or any of its successors or assigns to perform or satisfy any of the obligations or liabilities of the Lessee under any of such Permitted Subleases.

20.3. Power of Attorney. The Lessee hereby irrevocably constitutes and appoints the Lessor its true and lawful attorney with full power of substitution for it in its name and stead to ask, demand, collect, receive, receipt for, sue for, compound and give acquittance for any and all sums or properties which may be or become due, payable or distributable to and in respect of the interests assigned under this Section 20, with full power to settle, adjust or compromise any claim thereof or therefor as fully as the Lessee could itself do and to endorse the name of the Lessee on all commercial paper given in payment or part payment of and all documents of satisfaction, discharge or receipt required or requested in connection therewith and in its discretion, to file any claim, to take any other action or proceeding, either in its name or name of the Lessee or otherwise, which the Lessor may deem necessary or appropriate to collect or otherwise realize upon any and all interest assigned hereunder, or which may be necessary or appropriate to protect and preserve the right, title and interest of the Lessor in and to the interests assigned under this Section 20 and the security intended to be afforded hereby.

20.4. Further Assurance. Without limiting the foregoing, the Lessee hereby further covenants that it will, upon the written request of the Lessor, execute and deliver such further instruments and do and perform such other acts and things as the Lessor or its assigns may deem necessary or appropriate to effectively invest in and secure to the Lessor and its assigns the interests assigned pursuant to this Section 20 or other rights or interests due or hereafter to become due.

20.5. Application of Moneys. All distributions and payments to the Lessor pursuant to the Assignment provided for in this Section 20 shall be applied by the Lessor to the payment and reduction of the obligations and liabilities of the Lessee under this Lease which upon receipt of such sums are then due and owing, and any excess is to be released and paid promptly to the Lessee.

20.6. Duration. The satisfaction or discharge of any part of the obligations or liabilities of the Lessee under this Lease shall not in any way satisfy or discharge the assignment provided for in this Section 20, but such assignment shall remain in full force and effect so long as any amount remains unpaid on any such obligations or liabilities.

SECTION 21. PERFORMANCE BY PERMITTED SUBLESSEES

Without limiting the responsibility of the Lessee to comply with its obligations provided herein, it is hereby understood and agreed that in the event the Sublessee or any other sublessee under a Permitted Sublease shall perform one or more of the obligations of the Lessee provided for herein (other than any obligation of the Lessee to pay Interim or Fixed Rental, which payment in each instance must be made by the Lessee), such performance shall constitute compliance by the Lessee with such obligation and no Event of Default shall result from the full and complete performance of such obligation by the Sublessee or any other such sublessee in lieu of such performance by the Lessee.

SECTION 22. MISCELLANEOUS

22.1. Notices. Any notice required or permitted to be given by either party hereto to the other shall be deemed to have been given when deposited in the United States certified mails, first class, postage prepaid, addressed as follows:

If to the Lessor:

Richmond, Fredericksburg and Potomac
Railroad Company
P. O. Box 11281
Richmond, Virginia 23230

Attention of Treasurer

If to the Lessee:

McHugh Brothers Crane Rentals, Inc.
P. O. Box 196
Pennndel, Pennsylvania 19407

Attention of President

or addressed to any such party at such other address as such party shall hereafter furnish to such other parties in writing.

22.2. Right of Lessor To Perform. If the Lessee shall fail to comply with any of its covenants herein contained, either the Lessor or, in the case of an assignment

by the Lessor pursuant to Section 16 hereof, the assignee thereunder may, but shall not be obligated to, make advances to perform the same and to take all such action as may be necessary to obtain such performance. Any payment so made by any such party and all cost and expense (including, without limitation, reasonable attorneys' fees and expenses) incurred in connection therewith shall be payable by the Lessee to the party making the same upon demand as additional rent hereunder, with interest at the rate of 12% per annum.

22.3. Execution in Counterparts. This Lease, and any lease supplemental hereto, may be executed in several counterparts, each of which so executed shall be deemed to be an original and in each case such counterparts shall constitute but one and the same instrument.

22.4. Law Governing. This Lease shall be construed in accordance with the laws of the Commonwealth of Virginia; provided, however, that the parties shall be entitled to all rights conferred by any applicable Federal statute, rule or regulation.

22.5. Notices, etc. to Assignee. Any provision in this Lease which shall require the giving of notice or the delivery of any report or other item to the Assignee or the obtaining from the Assignee or the Investors of any consent or waiver shall be void and of no further force and effect from and after the payment in full of the entire balance of principal and accrued interest on the CSA Indebtedness.

22.6. Headings and Table of Contents. All Section headings and the Table of Contents are inserted for convenience only and shall not affect any construction or interpretation of this Lease.

22.7. Severability. Any provision of this Lease which is prohibited or unenforceable in any jurisdiction shall be as to such jurisdiction ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provisions in any other jurisdiction.

SECTION 23. TAX INDEMNIFICATION

23.1. This Lease has been entered into on the

basis that the Lessor shall be entitled to such deductions, credits and other benefits as are ordinarily provided to any owners of tangible personal property used in a trade or business including, without limitation:

(i) the investment tax credit pursuant to section 38 and related sections of the Internal Revenue Code of 1954, as amended to the date of execution by the Lessee hereof (the "Code"), in an amount equal to not less than 10% of the Purchase Price (as defined in the CSA) of each Item of Equipment (the "Investment Credit");

(ii) deductions for depreciation of the full Purchase Price of each Item of Equipment using the half-year convention or the modified half-year convention at the Lessor's option and computed on the basis of the double-declining balance method of depreciation pursuant to section 167 (b)(2) of the Code, switching to the sum of the years-digits method of depreciation pursuant to section 167(b) (3) of the Code when most beneficial to the Owner and without obtaining the prior consent of the Commissioner of Internal Revenue, over an asset depreciation period of 11 years, to a net salvage value of zero after the reduction permitted by section 167(f)(1) of the Code (the "Depreciation Deduction"); and

(iii) the deduction under Section 163 of the Code in the full amount of any interest paid or accrued on the CSA Indebtedness (the "Interest Deduction").

23.2. If the Lessor shall lose, shall not have or shall lose the right to claim or if there shall be disallowed or recaptured with respect to the Lessor, all or any portion of the Investment Credit, the Interest Deduction or the Depreciation Deduction ("Loss"), then the Fixed Rental applicable to such Item of Equipment shall, on and after the next succeeding Fixed Rental payment date as defined in Section 2.2 hereof, upon written notice to the Lessee by the Lessor that a Loss has occurred, be increased by such amount for such Item which, in the reasonable opinion of the Lessor, will cause the Lessor's net return over the term of this Lease in respect of such Item to equal the net return that would have been available if the Lessor had been entitled to the utilization of all of the Investment Credit, the Interest Deduction ^{AND} ~~or~~ the Depreciation Deduction with respect to such Item. If any amounts shall become payable by the Lessee pursuant to this Section 23, the Casualty Values set forth in Schedule B hereto shall be increased

accordingly. If such Loss occurs more than nine years following the Term Lease Commencement Date the Lessor shall notify the Lessee in writing of such Loss and the Lessee shall, within 30 days after such notice, pay to the Lessor such sum as will, in the reasonable opinion of the Lessor, cause the Lessor's net return over the term of this Lease in respect of such Item to equal the net return that would have been available if the Lessor had been entitled to the utilization of all of the Investment Credit, the Interest Deduction and the Depreciation Deduction with respect to such Item. The Lessee shall forthwith pay to the Lessor the amount of any interest which may be assessed by the United States or any state against the Lessor attributable to the Loss.

23.3. For purposes of this Section, a Loss shall occur upon the earliest of (1) the happening of any event (such as a disposition or change in the use of any Item of Equipment) which may cause such Loss, (2) the payment by the Lessor to the Internal Revenue Service of the tax increase resulting from such Loss, or (3) the adjustment of the tax return of the Lessor to reflect such Loss. With respect to any Item of Equipment, the Lessor shall be responsible for, and shall not be entitled to a payment under this Section on account of, any Loss due to one or more of the following events: (i) a disqualifying disposition due to sale of such Item of Equipment or the lease thereof by the Lessor (other than to the Lessee or the Sublessee) prior to any default by the Lessee, or (ii) a failure of the Lessor to timely or properly claim the Investment Credit, the Interest Deduction or the Depreciation Deduction for such Item of Equipment in the tax return of the Lessor, or (iii) a disqualifying change in the nature of the Lessor's business or liquidation thereof, or (iv) a foreclosure by any Person holding through the Lessor of a lien on such Item of Equipment, which foreclosure results solely from an act of the Lessor, or (v) any event which by the terms of this Lease requires payment by the Lessee of the Casualty Value of such Item, or (vi) the failure of the Lessor to have sufficient liability for tax against which to apply such Investment Credit or taxable income against which to apply such Depreciation Deduction or Interest Deduction.

23.4. All of the Lessor's rights and privileges arising from the indemnities contained in this Section shall survive the expiration or other termination of this Lease with respect to any or all Items of Equipment and such indem-

nities are expressly made for the benefit of, and shall be enforceable by the Lessor, its successors and assigns.

IN WITNESS WHEREOF, the parties hereto have caused this Lease to be executed by their respective officers thereunder duly authorized and the corporate seals to be hereto affixed as of the day and year first above written.

[CORPORATE SEAL]

RICHMOND, FREDERICKSBURG AND
POTOMAC RAILROAD COMPANY,

ATTEST:

by

Its

Its

[CORPORATE SEAL]

McHUGH BROTHERS CRANE RENTALS,
INC.,

ATTEST:

by

Robert M. Dyer
Its PRES.

LESSEE

Edward L. Vandyke
Its Vice President

SCHEDULE A TO LEASE

DESCRIPTION OF ITEMS OF EQUIPMENT

Manufacturer of Equipment: FMC Corporation
Description of Equipment: 300 new box cars,
bearing the following Sublessee's
road numbers:

Sublessee's Numbers

NHIR ~~50001~~⁵⁰⁰¹ - *frh*
through
NHIR ~~50300~~⁵³⁰⁰ - *frh.*
both inclusive

Specifications: FMC Job No. 17978 and
FMC Job No. 18031

Estimated Purchase Price
of Equipment: \$38,430 per Item for XM cars
(\$5,764,500 for 150 Items)

\$41,482 per Item for XF cars
(\$6,222,300 for 150 Items)

\$11,986,800 Aggregate Estimated
Purchase Price for 300 Items

Maximum Aggregate Pur-
chase Price of Equip-
ment: \$44,000 per Item (\$13,200,000
for 300 Items)

Place of Delivery: Manufacturer's Plant at Portland,
Oregon

Outside Delivery Date: June 1, 1980

SCHEDULE B TO LEASE

SCHEDULE OF CASUALTY VALUES
FOR EQUIPMENT DELIVERED DURING 1979

The Casualty Value for an Item of Equipment payable on the Term Lease Commencement Date or any Interim Rental Payment Date or Fixed Rental Payment Date thereafter shall mean an amount equal to the percent of the Purchase Price of such Item set forth opposite such date in the following schedule:*

<u>Term Lease Commencement Date, Interim Rental Payment Date or Fixed Rental Payment Date or Final Day of Lease Term on which Casualty Value is Paid</u>	<u>Percentage of Purchase Price Payable as Casualty Value</u>
Term Lease Commencement Date	89.6052%
May 1, 1980	90.7996
June 1, 1980	95.7959
July 1, 1980	96.7116
August 1, 1980	97.6565
September 1, 1980	98.6323
October 1, 1980	99.4415
November 1, 1980	100.2741
December 1, 1980	101.1312
January 1, 1981	101.8152
February 1, 1981	102.5156
March 1, 1981	103.2332
April 1, 1981	103.9689
May 1, 1981	104.5908
June 1, 1981	105.2256
July 1, 1981	105.7408
August 1, 1981	106.2731
September 1, 1981	106.8233
October 1, 1981	107.2594
November 1, 1981	107.7083
December 1, 1981	108.1706

* The Casualty Values set forth shall be increased for any new Unit in accordance with the following table to account for investment tax credit recapture:

1 - 36 Months from delivery -	20.2916
37 - 60 Months from delivery -	13.5277
61 - 84 Months from delivery -	6.7639

Term Lease Commencement Date,
Interim Rental Payment
Date or Fixed Rental
Payment Date or Final
Day of Lease Term on which
Casualty Value is Paid

Percentage of Purchase
Price Payable as
Casualty Value

January 1, 1982	108.51418
February 1, 1982	108.8642
March 1, 1982	109.2215
April 1, 1982	109.5863
May 1, 1982	109.8481
June 1, 1982	110.1123
July 1, 1982	110.2678
August 1, 1982	110.4199
September 1, 1982	110.5683
October 1, 1982	110.6017
November 1, 1982	110.6250
December 1, 1982	110.6375
January 1, 1983	110.5277
February 1, 1983	110.4174
March 1, 1983	110.3068
April 1, 1983	110.1959
May 1, 1983	109.9975
June 1, 1983	109.7943
July 1, 1983	109.4987
August 1, 1983	109.1924
September 1, 1983	108.8766
October 1, 1983	108.4620
November 1, 1983	108.0309
December 1, 1983	107.5880
January 1, 1984	107.1427
February 1, 1984	106.6950
March 1, 1984	106.2448
April 1, 1984	105.7921
May 1, 1984	105.3368
June 1, 1984	104.8791
July 1, 1984	104.4188
August 1, 1984	103.9559
September 1, 1984	103.4905
October 1, 1984	103.0224
November 1, 1984	102.5518
December 1, 1984	102.0784
January 1, 1985	101.6024
February 1, 1985	101.1237
March 1, 1985	100.6423
April 1, 1985	100.1581
May 1, 1985	99.6712

Term Lease Commencement Date,
Interim Rental Payment
Date or Fixed Rental
Payment Date or Final
Day of Lease Term on which
Casualty Value is Paid

Percentage of Purchase
Price Payable as
Casualty Value

June 1, 1985	99.1815%
July 1, 1985	98.6890
August 1, 1985	98.1937
September 1, 1985	97.6955
October 1, 1985	97.1945
November 1, 1985	96.6905
December 1, 1985	96.1837
January 1, 1986	95.6739
February 1, 1986	95.1611
March 1, 1986	94.6454
April 1, 1986	94.1266
May 1, 1986	93.6048
June 1, 1986	93.0799
July 1, 1986	92.5520
August 1, 1986	92.0209
September 1, 1986	91.4867
October 1, 1986	90.9493
November 1, 1986	90.4088
December 1, 1986	89.8650
January 1, 1987	89.3180
February 1, 1987	88.7677
March 1, 1987	88.2142
April 1, 1987	87.6573
May 1, 1987	87.0971
June 1, 1987	86.5335
July 1, 1987	85.9665
August 1, 1987	85.3961
September 1, 1987	84.8223
October 1, 1987	84.2449
November 1, 1987	83.6641
December 1, 1987	83.0797
January 1, 1988	82.4918
February 1, 1988	81.3002
March 1, 1988	81.3051
April 1, 1988	80.7063
May 1, 1988	80.1038
June 1, 1988	79.4976
July 1, 1988	78.8877
August 1, 1988	78.2740
September 1, 1988	77.6565
October 1, 1988	77.0851
November 1, 1988	76.4099
December 1, 1988	75.7809

Term Lease Commencement Date,
Interim Rental Payment
Date or Fixed Rental
Payment Date or Final
Day of Lease Term on which
Casualty Value is Paid

Percentage of Purchase
Price Payable as
Casualty Value

January 1, 1989	75.1479%
February 1, 1989	74.5109
March 1, 1989	73.8699
April 1, 1989	73.2250
May 1, 1989	72.5760
June 1, 1989	71.9229
July 1, 1989	71.2657
August 1, 1989	70.6043
September 1, 1989	69.9388
October 1, 1989	69.2691
November 1, 1989	68.5951
December 1, 1989	67.9168
January 1, 1990	67.2342
February 1, 1990	66.5472
March 1, 1990	65.8559
April 1, 1990	65.1601
May 1, 1990	64.4599
June 1, 1990	63.7552
July 1, 1990	63.0459
August 1, 1990	62.3321
September 1, 1990	61.6137
October 1, 1990	60.8907
November 1, 1990	60.1629
December 1, 1990	59.4305
January 1, 1991	58.6933
February 1, 1991	57.9513
March 1, 1991	57.2045
April 1, 1991	56.4528
May 1, 1991	55.6962
June 1, 1991	54.9347
July 1, 1991	54.1682
August 1, 1991	53.3966
September 1, 1991	52.6200
October 1, 1991	51.8383
November 1, 1991	51.0515
December 1, 1991	50.2594
January 1, 1992	49.4621
February 1, 1992	48.6596
March 1, 1992	47.8517
April 1, 1992	47.0385
May 1, 1992	46.2199

Term Lease Commencement Date,
Interim Rental Payment
Date or Fixed Rental
Payment Date or Final
Day of Lease Term on which
Casualty Value is Paid

Percentage of Purchase
Price Payable as
Casualty Value

June 1, 1992	45.3959%
July 1, 1992	44.5663
August 1, 1992	43.7312
September 1, 1992	42.8906
October 1, 1992	42.0443
November 1, 1992	41.1924
December 1, 1992	40.3348
January 1, 1993	39.4714
February 1, 1993	38.6022
March 1, 1993	37.7272
April 1, 1993	36.8462
May 1, 1993	35.9594
June 1, 1993	35.0665
July 1, 1993	34.1676
August 1, 1993	33.2626
September 1, 1993	32.3514
October 1, 1993	31.5149
November 1, 1993	30.6613
December 1, 1993	29.7899
January 1, 1994	29.0442
February 1, 1994	28.2873
March 1, 1994	27.5193
April 1, 1994	26.7390
May 1, 1994	26.1033
June 1, 1994	25.4639
July 1, 1994	24.9774
August 1, 1994	24.4960
September 1, 1994	24.0204
October 1, 1994	23.7078
November 1, 1994	23.4110
December 1, 1994	23.1311
January 1, 1995	23.0262
February 1, 1995	22.9496
March 1, 1995	22.9033
April 1, 1995	20.0000

and thereafter

Final Day of Lease Term
or thereafter during
any storage period

20.0000%

SCHEDULE OF CASUALTY VALUES
FOR EQUIPMENT DELIVERED DURING 1980

The Casualty Value for an Item of Equipment payable on the Term Lease Commencement Date or any Interim Rental Payment Date or Fixed Rental Payment Date thereafter shall mean an amount equal to the percent of the Purchase Price of such Item set forth opposite such date in the following schedule:*

Term Lease Commencement Date, Interim Rental Payment Date or Fixed Rental Payment Date or Final Day of Lease Term on which Casualty Value is Paid	Percentage of Purchase Price Payable as Casualty Value
Term Lease Commencement Date	88.9767%
May 1, 1980	90.6681
June 1, 1980	94.9126
July 1, 1980	96.0288
August 1, 1980	97.1719
September 1, 1980	98.3429
October 1, 1980	99.2110
November 1, 1980	100.0968
December 1, 1980	101.0009
January 1, 1981	101.5922
February 1, 1981	102.1910
March 1, 1981	102.7975
April 1, 1981	103.4120
May 1, 1981	103.9393
June 1, 1981	104.4717
July 1, 1981	104.9139
August 1, 1981	105.3645
September 1, 1981	105.8237
October 1, 1981	106.1965
November 1, 1981	106.5751
December 1, 1981	106.9598

* The Casualty Values set forth shall be increased for any new Unit in accordance with the following table to account for investment tax credit recapture:

1 - 36 Months from delivery -	20.2916
37 - 60 Months from delivery -	13.5277
61 - 84 Months from delivery -	6.7639

Term Lease Commencement Date,
Interim Rental Payment
Date or Fixed Rental
Payment Date or Final
Day of Lease Term on which
Casualty Value is Paid

Percentage of Purchase
Price Payable as
Casualty Value

January 1, 1982	107.25548
February 1, 1982	107.5534
March 1, 1982	107.8540
April 1, 1982	108.1572
May 1, 1982	108.3887
June 1, 1982	108.6203
July 1, 1982	108.7775
August 1, 1982	108.9322
September 1, 1982	109.0842
October 1, 1982	109.1590
November 1, 1982	109.2283
December 1, 1982	109.2919
January 1, 1983	109.2750
February 1, 1983	109.2605
March 1, 1983	109.2485
April 1, 1983	109.2392
May 1, 1983	109.1727
June 1, 1983	109.1070
July 1, 1983	108.9822
August 1, 1983	108.8562
September 1, 1983	108.7290
October 1, 1983	108.5405
November 1, 1983	108.3487
December 1, 1983	108.1534
January 1, 1984	107.8947
February 1, 1984	107.6301
March 1, 1984	107.3597
April 1, 1984	107.0832
May 1, 1984	106.7560
June 1, 1984	106.4207
July 1, 1984	106.0328
August 1, 1984	105.6347
September 1, 1984	105.2262
October 1, 1984	104.7625
November 1, 1984	104.2918
December 1, 1984	103.8185
January 1, 1985	103.3424
February 1, 1985	102.8637
March 1, 1985	102.3823
April 1, 1985	101.8981
May 1, 1985	101.4112

Term Lease Commencement Date, Interim Rental Payment Date or Fixed Rental Payment Date or Final Day of Lease Term on which Casualty Value is Paid	Percentage of Purchase Price Payable as Casualty Value
June 1, 1985	100.92158
July 1, 1985	100.4790
August 1, 1985	99.9337
September 1, 1985	99.4356
October 1, 1985	98.9345
November 1, 1985	98.4305
December 1, 1985	97.9237
January 1, 1986	97.4139
February 1, 1986	96.9011
March 1, 1986	96.3854
April 1, 1986	95.8666
May 1, 1986	95.3448
June 1, 1986	94.8199
July 1, 1986	94.2920
August 1, 1986	93.7609
September 1, 1986	93.2267
October 1, 1986	92.6893
November 1, 1986	92.1488
December 1, 1986	91.6050
January 1, 1987	91.0580
February 1, 1987	90.5078
March 1, 1987	89.9542
April 1, 1987	89.3973
May 1, 1987	88.8371
June 1, 1987	88.2735
July 1, 1987	87.7066
August 1, 1987	87.1362
September 1, 1987	86.5623
October 1, 1987	85.9850
November 1, 1987	85.4041
December 1, 1987	84.8197
January 1, 1988	84.2318
February 1, 1988	83.6402
March 1, 1988	83.0451
April 1, 1988	82.4661
May 1, 1988	81.8438
June 1, 1988	81.2376
July 1, 1988	80.6277
August 1, 1988	80.0140
September 1, 1988	79.3965
October 1, 1988	78.7751
November 1, 1988	78.1499
December 1, 1988	77.5209

Term Lease Commencement Date, Interim Rental Payment Date or Fixed Rental Payment Date or Final Day of Lease Term on which Casualty Value is Paid	Percentage of Purchase Price Payable as Casualty Value
January 1, 1989	76.8879%
February 1, 1989	76.2509
March 1, 1989	75.6100
April 1, 1989	74.9650
May 1, 1989	74.3160
June 1, 1989	73.6629
July 1, 1989	73.0057
August 1, 1989	72.3443
September 1, 1989	71.6788
October 1, 1989	71.0091
November 1, 1989	70.3351
December 1, 1989	69.6568
January 1, 1990	68.9742
February 1, 1990	68.2872
March 1, 1990	67.5959
April 1, 1990	66.9001
May 1, 1990	66.1999
June 1, 1990	65.4952
July 1, 1990	64.7860
August 1, 1990	64.0722
September 1, 1990	63.3537
October 1, 1990	62.6307
November 1, 1990	61.9030
December 1, 1990	61.1705
January 1, 1991	60.4333
February 1, 1991	59.6913
March 1, 1991	58.9445
April 1, 1991	58.1928
May 1, 1991	57.4362
June 1, 1991	56.6747
July 1, 1991	55.9082
August 1, 1991	55.1366
September 1, 1991	54.3600
October 1, 1991	53.5783
November 1, 1991	52.7915
December 1, 1991	51.9995
January 1, 1992	51.2022
February 1, 1992	50.3996
March 1, 1992	49.5918
April 1, 1992	48.7786
May 1, 1992	47.9599

Term Lease Commencement Date,
Interim Rental Payment
Date or Fixed Rental
Payment Date or Final
Day of Lease Term on which
Casualty Value is Paid

Percentage of Purchase
Price Payable as
Casualty Value

June 1, 1992	47.1359%
July 1, 1992	46.3064
August 1, 1992	45.4713
September 1, 1992	44.6306
October 1, 1992	43.7844
November 1, 1992	42.9324
December 1, 1992	42.0748
January 1, 1993	41.2114
February 1, 1993	40.3422
March 1, 1993	39.4672
April 1, 1993	38.5863
May 1, 1993	37.6994
June 1, 1993	36.8065
July 1, 1993	35.9607
August 1, 1993	35.1005
September 1, 1993	34.2256
October 1, 1993	33.4315
November 1, 1993	32.6255
December 1, 1993	31.8074
January 1, 1994	31.0728
February 1, 1994	30.3290
March 1, 1994	29.5759
April 1, 1994	28.8133
May 1, 1994	28.1453
June 1, 1994	27.4714
July 1, 1994	26.8956
August 1, 1994	26.3178
September 1, 1994	25.7379
October 1, 1994	25.2603
November 1, 1994	24.7848
December 1, 1994	24.3116
January 1, 1995	23.9453
February 1, 1995	23.5858
March 1, 1995	23.2336
April 1, 1995	20.0000

and thereafter

Final Day of Lease Term
or thereafter during
any storage period

20.0000%

NOTICE OF ASSIGNMENT

McHugh Brothers Crane Rentals, Inc.
P. O. Box 196
Penndel, Pennsylvania 19047

per W. Attention: *President*

Gentlemen:

Reference is made to the Equipment Lease dated as of September 1, 1979 (the "Lease",) between McHugh Brothers Crane Rentals, Inc. (the "Lessee"), and Richmond, Fredericksburg and Potomac Railroad Company (the "Owner") providing for a lease to you of 300 box cars.

Pursuant to Section 16 of the Lease, you are hereby notified that the Owner and FMC Corporation (the "Manufacturer") have entered into a Conditional Sale Agreement dated as of September 1, 1979 (the "CSA"), and the Manufacturer has assigned its right, security title and interest under the CSA to United States Trust Company of New York (the "Assignee") pursuant to an Agreement and Assignment dated as of September 1, 1979 (the "Assignment"), copies of which are herewith delivered to you. As more fully set forth in the CSA and the Assignment, the Owner has granted and assigned to the Assignee all of its right, title and interest, as lessor under the Lease, including, without limitation, the immediate and continuing right to receive and collect all rental, casualty value payments, insurance proceeds, condemnation awards and other payments, except those sums reserved under Section 23.6 of the CSA. Said rights of the Owner so assigned include the right to receive by assignment the rentals, casualty value payments and other sums payable under the Equipment Sublease dated as of November 1, 1979 (the "Sublease"), between the Lessee and New Hope & Ivyland Railroad Company ("Sublessee"), except those sums reserved under Section 23.6 of the CSA. Accordingly, you are hereby directed, in accordance with Section 2.3 of the Lease and Section 23 of the CSA, to remit all of the rentals and other sums due and to become due under the Lease, except those sums reserved under Section 23.6 of the CSA, to the Assignee, and you are further directed to notify the Sublessee that it shall, likewise, pay rentals and other sums due under the Sublease, except those sums reserved under Section 23.6 of the CSA, to the Assignee.

All such sums are to be paid by wire transfer of Federal funds or funds otherwise immediately available to the Assignee to United States Trust Company of New York, 130 John Street, New York, New York 10038, Attention of Corporate Trust and Agency Department. Each such payment shall be identified as a payment of rental or Casualty Value, as the case may be, or other designated payment relating to "RF&P 9/1/79".

Dated as of September 1, 1979.

RICHMOND, FREDERICKSBURG AND
POTOMAC RAILROAD COMPANY,

by

Its

Copy to: United States Trust Company of New York,
as Agent and Assignee

New Hope & Ivyland Railroad Company

ACKNOWLEDGMENT OF NOTICE OF ASSSIGNMENT

Receipt is hereby acknowledged of the above Notice of Assignment and of an executed copy of the Conditional Sale Agreement and Assignment referred to therein. The undersigned agrees until receipt of further written instructions from the Assignee named therein to make payments under the Equipment Lease referred to therein in accordance with said Notice of Assignment.

McHUGH BROTHERS CRANE RENTALS, INC.,

by

Robert M. Hughes
Its President

RECORDATION NO. 11064-B Filed 1425
NOV 20 1979-9 20 AM
INTERSTATE COMMERCE COMMISSION

EQUIPMENT LEASE

Dated as of September 1, 1979

BETWEEN

RICHMOND, FREDERICKSBURG AND POTOMAC RAILROAD COMPANY,

Lessor,

AND

MCHUGH BROTHERS CRANE RENTALS, INC.,

Lessee.

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ATTACHMENTS TO EQUIPMENT LEASE:

SCHEDULE A -- DESCRIPTION OF ITEMS OF EQUIPMENT

SCHEDULE B -- SCHEDULE OF CASUALTY VALUES

NOTICE OF ASSIGNMENT

EQUIPMENT LEASE dated as of September 1, 1979, between RICHMOND, FREDERICKSBURG AND POTOMAC RAILROAD COMPANY, a Virginia corporation (the "Lessor"), and MCHUGH BROTHERS CRANE RENTALS, INC., a Pennsylvania corporation (the "Lessee").

R E C I T A L S:

A. Pursuant to a Purchase Order Assignment dated as of November 1, 1979, the New Hope & Ivyland Railroad Company (the "Sublessee") will assign to the Lessor its right to purchase the equipment referred to below, and pursuant to a Conditional Sale Agreement, dated as of September 1, 1979 (the "CSA"), with FMC Corporation (the "Manufacturer"), the Lessor has agreed to purchase the equipment referred to below, in contemplation that, pursuant to the provisions hereof, the Lessor would acquire such equipment and the Lessee would lease the same therefrom and would sublease the same to the Sublessee under an Equipment Sublease dated as of November 1, 1979 (the "Sublease").

B. Pursuant to an Agreement and Assignment, dated as of September 1, 1979 (the "Assignment"), the Manufacturer has assigned its rights, security title and interest under the CSA to United States Trust Company of New York, not in its individual capacity but solely as agent (the "Assignee").

C. The Lessee, the Lessor and the Assignee have entered into a Participation Agreement dated as of September 1, 1979 (the "Participation Agreement"), with the institutional investor named in Schedule I thereto (together with its successors and assigns called "Investors"), providing for the commitment of the Lessor to acquire the equipment (collectively the "Equipment" and individually an "Item of Equipment") described in Schedule A hereto and made a part hereof. Under the Participation Agreement, the Investors will commit to invest in an amount equal to 80% of the Purchase Price (as defined therein and in the CSA) of each Item of Equipment. It is contemplated by the Participation Agreement that the investment will be secured by an assignment of the Lessor's right, title and interest in and to this Lease (including, without limitation, the rights of the Lessor under Section 20 hereof in respect of the Sublease and other Permitted Subleases referred to therein) and in and to the Equipment pursuant to the CSA and the Assignment.

SECTION 1. LEASE AND DELIVERY OF EQUIPMENT

1.1. Intent to Lease and Hire. Upon delivery of each Item of Equipment pursuant to the CSA by the Manufacturer, the Lessee shall lease and let such Item of Equipment from the Lessor for the rental and on and subject to the terms and conditions herein set forth.

1.2. Delivery and Acceptance of Items. The Lessor will cause each Item of Equipment to be tendered to the Sublessee at the place of delivery set forth in Schedule A hereto. Upon such tender, the Sublessee has agreed pursuant to Section 3 of the Sublease that it will cause an inspector designated and authorized by the Sublessee to inspect the same, and, if such Item of Equipment is found to be in good order, to accept delivery of such Item of Equipment and to execute and deliver to the Lessor, the Lessee and the Manufacturer a Certificate of Acceptance in the form attached to the Sublease as Appendix A (the "Certificate of Acceptance") with respect to such Item of Equipment; provided, however, that the Sublessee shall not accept and the Lessee shall have no obligation to lease thereto (and the Lessor shall have no obligation to lease to the Lessee and the Lessee shall have no obligation to lease from the Lessor hereunder) any Item of Equipment delivered after the Outside Delivery Date therefor set forth in Schedule A hereto or any Item of Equipment with respect to which payment therefor by the Lessor would cause the purchase price for such Item and all Items of Equipment previously delivered to and accepted on behalf of the Lessor to exceed \$13,200,000.

1.3. Delivery Under Sublease Constitutes Delivery Hereunder. The Lessee hereby confirms and agrees that the Sublessee's execution and delivery of a Certificate of Acceptance with respect to each Item of Equipment pursuant to Section 3 of the Sublease shall conclusively establish that such Item of Equipment is acceptable to and accepted by the Lessee under this Lease, notwithstanding any defect with respect to design, manufacture, condition or in any other respect, and from and after delivery of such Certificate of Acceptance with respect to any Item of Equipment by the Sublessee, the Lessee agrees to be bound by each and all of the terms and conditions of this Lease with respect to such Item of Equipment without regard to the state or condition thereof at the time of such delivery and acceptance.

1.4. Purchase of Excluded Equipment. In the event of the exclusion of any Item or Items of Equipment from the CSA pursuant to Section 2.3 or 3.1 thereof, the Lessee agrees with the Lessor, and also with and for the benefit of the Manufacturer who is hereby designated a third-party beneficiary to the undertakings of the Lessee set forth in this Section 1.4, that the Lessee will be obligated to purchase from the Manufacturer, accept delivery of and pay for, any Item or Items of Equipment so excluded from the CSA, and the Manufacturer and the Lessee shall execute a separate agreement providing for the sale of such excluded Item or Items of Equipment by the Manufacturer to the Lessee upon the same terms and conditions as those contained in the CSA, modified only to the extent necessary to provide for payment in cash upon delivery of such excluded Item or Items of Equipment, either directly or indirectly by means of a conditional sale agreement, equipment trust or other appropriate method of financing as the Lessee may determine and as may be reasonably satisfactory to the Manufacturer.

SECTION 2. RENTALS AND PAYMENT DATES

2.1. Rentals for Equipment. The Lessee agrees to pay the Lessor, on the dates provided in Section 2.2 hereof, the following rentals for each Item of Equipment leased hereunder:

(a) Interim Rental. For each Item of Equipment, an amount per day (the "Interim Rental") equal to 0.03482% of the Purchase Price thereof (as defined in Section 3.1 of the CSA) for the period, if any, from and including the date of delivery and acceptance of each item of Equipment as evidenced by a Certificate of Acceptance (substantially in the form of Appendix A to the Sublease) to but not including April 1, 1980 (said date being herein called the "Term Lease Commencement Date").

(b) Fixed Rental. For each Item of Equipment, 178 consecutive monthly installments of rental (the "Fixed Rental") payable in arrears, the first 177 installments to be each in an amount equal to 1.0447% of the Purchase Price thereof and the remaining installment to be in an amount equal to 3.1341% of the Purchase Price thereof.

2.2. Rental Payment Dates. Installments of Interim Rental shall be due and payable on the following dates (each of such dates hereinafter sometimes referred to as an "Interim Rental Payment Date"):

(a) February 1, 1980, for each item of Equipment delivered during the month of November 1979;

(b) March 1, 1980, for each item of Equipment delivered during 1979;

(c) April 1, 1980, for each item of Equipment delivered during 1979 and the first month of 1980;

(d) May 1, 1980, for each item of Equipment delivered during 1979 and the first two months of 1980; and

(e) June 1, 1980, for each item of Equipment delivered during 1979 and the first three months of 1980.

Installments of Fixed Rental for each item of Equipment shall be due and payable monthly commencing July 1, 1980, and on the first day of each month thereafter to and including April 1, 1995 (each of such dates hereinafter sometimes referred to as a "Fixed Rental Payment Date").

If any of the rent payment dates is not a business day, the rent payment otherwise payable on such date shall be payable on the next succeeding business day. For purposes of this Lease, the term "business day" means calendar days, excluding Saturdays, Sundays and holidays on which banks in the State of New York are authorized or required to close.

2.3. Place of Rent Payment. The Lessor instructs the Lessee to make all payments due hereunder as follows:

(a) each installment of Interim Rental and each installment of Fixed Rental shall be paid to the Lessor by wire transfer to the address provided for payments in Section 22.1 hereof, identifying the same as a payment of rental relating to RF&P 9/1/79; provided that, in the event either the Lessor or the Assignee shall notify the Lessee in writing that the right to receive payment of such installment shall have been assigned in accordance with Section 16 hereof, the Lessee shall make such payment by wire transfer to the place designated in such notice or as otherwise designated from time to time in

writing by such assignee;

(b) the entire amount of any payment of Casualty Value pursuant to Section 11 hereof shall be paid to the Lessor by wire transfer to the address provided for payments in Section 22.1 hereof (identifying the same as a payment of Casualty Value relating to RF&P 9/1/79); provided that in the event either the Lessor or the Assignee shall notify the Lessee in writing that the right to receive payment of such Casualty Value shall have been assigned in accordance with Section 16 hereof, the Lessee shall make such payment by wire transfer to the address designated in such notice or as otherwise designated from time to time in writing by such assignee;

(c) the amount of any payment owing to the Lessor pursuant to Sections 6, 10.2, 11.1 (with respect to public liability insurance) and 22.2 hereof shall be made directly to the party to receive the same without regard to the assignment of this Lease or the payments due hereunder pursuant to Section 16 hereof;

(d) the amount of any interest due in respect of the late payment of any amounts pursuant to Section 19 or 22.2 hereof shall be paid to the party and in the manner herein provided to receive any said amount; and

(e) all payments other than those above specified shall be made by the Lessee directly to the party to receive the same unless any such payment has previously been made by the Lessor or the Assignee, in which case the Lessee shall reimburse the Lessor or the Assignee, as the case may be, directly for such payment.

The Lessee agrees that it will make payments due hereunder by wire transfer where specified above at the opening of business on the due date of such payment of Federal or otherwise immediately available funds to the party to whom such payment is to be made, and otherwise by check of the Lessee drawn on a bank located in the continental United States and mailed to the party to receive the same at the address herein provided or at such other address as the Lessee shall have been provided in writing.

2.4. Net Lease. This Lease is a net lease and the Lessee's obligation to pay all Interim Rental and Fixed Rental and other amounts payable hereunder shall be absolute and

unconditional under any and all circumstances and, without limiting the generality of the foregoing, the Lessee shall not be entitled to any abatement of rent or reduction thereof or setoff against rent, including, but not limited to, abatements, reductions or setoffs due to any present or future claims of the Lessee against the Lessor under this Lease or otherwise or against any assignee of the Lessor pursuant to Section 16 hereof; nor except as otherwise expressly provided herein, shall this Lease terminate, or the obligations of the Lessee be otherwise affected, by reason of any defect in or damage to or loss or destruction of all or any of the Equipment from whatsoever cause, the taking or requisitioning of the Equipment by condemnation or otherwise, the lawful prohibition of Lessee's use of the Equipment, the interference with such use by any private person or corporation, the invalidity or unenforceability or lack of due authorization or other infirmity of this Lease, or lack of right, power or authority of the Lessor to enter into this Lease, or for any other cause whether similar or dissimilar to the foregoing, any present or future law to the contrary notwithstanding, it being the intention of the parties hereto that the rents and other amounts payable by the Lessee hereunder shall continue to be payable in all events unless the obligation to pay the same shall be terminated pursuant to Section 11 hereof, or until, pursuant to Section 13 hereof, the Equipment has been returned to the possession of the Lessor (for all purposes of this Lease any Item of Equipment shall not be deemed to have been returned to the Lessor's possession until all of the Lessee's obligations with respect to the return, transportation and storage thereof have been performed). To the extent permitted by applicable law, the Lessee hereby waives any and all rights which it may now have or which at any time hereafter may be conferred upon it, by statute or otherwise, to terminate, cancel, quit or surrender the lease of any of the Items of Equipment except in accordance with the express terms hereof. Each rental or other payment made by the Lessee hereunder shall be final and the Lessee shall not seek to recover all or any part of such payment from the Lessor or any assignee pursuant to Section 16 hereof for any reason whatsoever.

SECTION 3. TERM OF THE LEASE

The term of this Lease as to each Item of Equipment shall begin on the date of the delivery and acceptance thereof by the Sublessee of such Item of Equipment under the Sublease

in accordance with the provisions of Section 1 hereof and, subject to the provisions of Sections 11, 14 and 18 hereof, shall terminate on April 1, 1995.

SECTION 4. OWNERSHIP AND MARKING OF EQUIPMENT

4.1. Retention of Title. The Lessor is acquiring legal title to the Equipment as Vendee under the CSA (but only upon compliance with all the terms and conditions thereof) and it is understood that the Lessee shall acquire no right, title and interest to the Equipment except hereunder as Lessee notwithstanding the delivery of the Equipment to and the possession and use thereof by the Lessee.

4.2. Duty To Number and Mark. The Lessee will keep and maintain, plainly, distinctly, permanently and conspicuously marked by a plate or stencil printed in contrasting color upon each side of each Item of Equipment in letters not less than one inch in height as follows:

"OWNERSHIP SUBJECT TO A SECURITY AGREEMENT
FILED WITH THE INTERSTATE COMMERCE COM-
MISSION"

with appropriate changes thereof and additions thereto as from time to time may be required by law in order to protect the title of the Lessor to such Item of Equipment, its rights under this Lease and the rights of any assignee under Section 16 hereof. The Lessee will not place any such Item of Equipment in operation or exercise any control or dominion over the same until the required legend shall have been so marked on both sides thereof and will replace promptly any such names and word or words which may be removed, defaced or destroyed. Pursuant to the provisions of Section 4.2 of the Sublease, the Sublessee will cause each Item of Equipment to be kept numbered with its road number as set forth in Schedule A hereto. In the event the Sublease is terminated for any reason, the Lessee will cause each Item of Equipment to be renumbered and will deliver to the Lessor and the Assignee a statement of such new numbers, which statement shall also be filed, recorded or deposited in all public offices where this Lease shall have been filed, recorded or deposited.

4.3. Prohibition Against Certain Designations.

Except as above provided, the Lessee will not allow the name of any person, association or corporation to be placed on the Equipment as a designation that might be interpreted as a claim of ownership; provided, however, that the Lessee or the Sublessee may cause the Equipment to be lettered with the names or initials or other insignia customarily used by the Sublessee or the Lessee or their respective affiliates on equipment used by it of the same or a similar type for convenience of identification of the right of the Lessee to use the Equipment under this Lease or of the right of the Sublessee to use the Equipment under the Sublease.

SECTION 5. DISCLAIMER OF WARRANTIES

THE LESSOR LEASES THE EQUIPMENT, AS IS, IN WHATEVER CONDITION IT MAY BE, WITHOUT ANY AGREEMENT, WARRANTY OR REPRESENTATION, EITHER EXPRESS OR IMPLIED, AND THE LESSOR EXPRESSLY DISCLAIMS ANY WARRANTY OR REPRESENTATION, EITHER EXPRESS OR IMPLIED, AS TO (A) THE FITNESS FOR ANY PARTICULAR PURPOSE OF MERCHANTABILITY OF ANY ITEM OR ITEMS OF EQUIPMENT, (B) THE LESSOR'S TITLE THERETO, (C) THE LESSEE'S RIGHT TO THE QUIET ENJOYMENT THEREOF (EXCEPT AS IT RELATES TO THE LESSEE'S POSSESSION AND RIGHT TO THE USE THEREOF AS PROVIDED HEREIN AND IN THE CSA), (D) THE DESIGN OR CONDITION OF, OR AS TO THE QUALITY OF THE MATERIAL, EQUIPMENT OR WORKMANSHIP IN, THE EQUIPMENT, OR (E) ANY OTHER MATTER WHATSOEVER, IT BEING AGREED THAT ALL SUCH RISKS, AS BETWEEN THE LESSOR AND THE LESSEE, ARE TO BE BORNE BY THE LESSEE. The Lessor hereby appoints and constitutes the Lessee its agent and attorney-in-fact during the term of this Lease to assert and enforce, from time to time, in the name and or the account of the Lessor and the Lessee, as their interest may appear, but in all cases at the sole cost and expense of the Lessee, whatever claims and rights the Lessor may have as owner of the Equipment against the Manufacturer; provided, however, that if at any time an Event of Default shall have occurred and be continuing, the Lessor may assert and enforce, at the Lessee's sole cost and expense, such claims and rights. The Lessor shall have no responsibility or liability to the Lessee or any other person with respect to any of the following: (i) any liability, loss or damage caused or alleged to be caused directly or indirectly by any Item of Equipment or by any inadequacy thereof or deficiency or defect therein or by any other circumstances in connection therewith; (ii) the use, operation or performance of any Item of Equipment or

any risks relating thereto; (iii) any interruption of service, loss of business or anticipated profits or consequential damages; or (iv) the delivery, operation, servicing, maintenance, repair, improvement or replacement of any Item of Equipment. The Sublessee's delivery of a Certificate of Acceptance in accordance with the provisions of Section 1 hereof shall be conclusive evidence as between the Lessee and the Lessor that all Items of Equipment described therein are in all the foregoing respects satisfactory to the Lessee, and the Lessee will not assert any claim of any nature whatsoever against the Lessor based on any of the foregoing matters.

SECTION 6. LESSEE'S INDEMNITY

6.1 Scope of Indemnity. The Lessee shall defend, indemnify and save harmless the Lessor and any assignee thereof pursuant to Section 16 hereof (including, without limitation, the Assignee) and their respective successors and assigns from and against:

(a) any and all loss or damage to the Equipment, usual wear and tear excepted; and

(b) any claim, cause of action, damages, liability, cost or expense (including, without limitation, counsel fees and costs in connection therewith) which may be incurred in any manner by or for the account of any of them (i) relating to any Item of Equipment or any part thereof, including, without limitation, the construction, purchase, delivery, acceptance, rejection, ownership, sale, leasing, return or storage of any Item of Equipment or as a result of the use, maintenance, repair, replacement, operation or the condition thereof (whether defects are latent or discoverable by the Lessee or any indemnified party), (ii) by reason or as the result of any act or omission (whether negligent or otherwise) of the Lessee for itself or as agent or attorney-in-fact for the Lessor hereunder, (iii) as a result of claims for patent, trademark or copyright infringements, or (iv) as a result of claims for negligence or strict liability in tort.

provided, however, that the Lessee shall not be required by the provisions of this Section 6.1 to indemnify any such party for any such claim, cause of action, damages, liability,

cost or expense which is incurred by reason of the wrongful act of any such party, but the Lessee may not impose the wrongful act of any such party as a defense to the indemnification provided in this Section 6.1 for the benefit of any other such party.

The indemnities and assumptions of liabilities set forth in this Section 6.1 do not guarantee a residual value in the Equipment nor do they guarantee the payment of the CSA Indebtedness (as defined in the CSA) or any interest accrued thereon.

6.2 Continuation of Indemnities and Assumptions.
The indemnities and assumptions of liability in this Section 6 contained shall continue in full force and effect notwithstanding the termination of this Lease, or the termination of the term hereof in respect of any one or more Items of Equipment, whether by expiration of time, by operation of law or otherwise; provided, however, that such indemnities and assumptions of liability shall not apply in respect of any matters referred to in subsection (a) or clause (i), (ii) or (iv) of subsection (b) of Section 6.1 hereof, occurring after the termination of this Lease, except for any such matters occurring after the termination arising in connection with the Lessee's assembling, delivering, storing or transporting of the Equipment as provided in Section 13 or 15, as the case may be. The Lessee shall be entitled to control, and shall assume full responsibility for, the defense of such claim or liability.

SECTION 7. RULES, LAWS AND REGULATIONS

The Lessee agrees to comply with all governmental laws, regulations, requirements and rules with respect to the use and maintenance of each Item of Equipment subject to this Lease. In case any equipment or appliance is required to be altered, added, replaced or modified on any Item of Equipment in order to comply with such laws, regulations, requirements and rules, the Lessee agrees to make such alterations, additions, replacements and/or modifications at its own expense and title thereto shall be immediately vested in the Lessor.

SECTION 8. USE AND MAINTENANCE OF EQUIPMENT; INDEMNITY FOR
ACCESSIONS

8.1. Use and Maintenance. The Lessee shall use the Equipment only in the manner for which it was designed and intended and so as to subject it only to ordinary wear and tear. The Lessee shall, at its own cost and expense, maintain and keep the Equipment in good order, condition and repair, ordinary wear and tear excepted. Except as required by the provisions of Section 7 hereof, the Lessee shall not modify any Item of Equipment without the prior written authority and approval of the Lessor and any assignee pursuant to Section 16 hereof which shall not be unreasonably withheld. Any parts installed or replacements made by the Lessee upon any Item of Equipment pursuant to Section 7 hereof or pursuant to its obligation to maintain and keep the Equipment in good order, condition and repair under this Section 8 shall be considered accessions to such Item of Equipment and title thereto shall be immediately vested in the Lessor without cost or expense to the Lessor. The Lessee shall make no other additions or improvements to any Item of Equipment unless the same (a) are readily removable without causing material damage to such Item of Equipment or (b) meet the criteria set forth in section 4(4).03 of Rev. Proc. 75-21, 1975-1 C.B. 715, as amended by Rev. Proc. 79-48, I.R.B. 1979-39, 27. Title to any additions or improvements described in clause (b) of the preceding sentence shall be immediately vested in the Lessor and title to any additions or improvements described in clause (a) of the preceding sentence shall remain with the Lessee. If the Lessee shall at its cost cause additions or improvements described in clause (a) of the preceding sentence to be made to any Item of Equipment, the Lessee agrees that it will, prior to the return of such Item of Equipment to the Lessor hereunder, remove the same at its own expense without causing material damage to such Item of Equipment.

8.2. Indemnity for Accessions. If for any reason whatsoever all or any part of the cost of any accession referred to in Section 8.1 hereof made by the Lessee under and pursuant to the terms of this Lease or otherwise is required to be included in the gross income of the Lessor for Federal, state or local income tax purposes at any time prior to the time such Equipment is disposed of in a taxable transaction, the Lessee will pay Lessor, on demand, (i) an amount which, after deduction of all taxes required to be paid by Lessor in respect of the receipt thereof under the laws of any Federal, state or local government or taxing authority in the United States, shall be equal to the sum of the net additional Federal, state or local income taxes payable by Lessor from time to time as a result of such cost or portion thereof,

plus (ii) the amount of any interest penalties or additions to taxes payable as a result of any such cost or portion thereof; it being understood that the amount payable pursuant to this sentence shall not be due and payable by Lessee prior to the payment by Lessor of such net additional Federal, state or local income taxes.

SECTION 9. LIENS ON THE EQUIPMENT

The Lessee shall pay or satisfy and discharge any and all claims against, through or under the Lessee and its successors or assigns which, if unpaid, might constitute or become a lien or a charge upon any Item of Equipment, and any liens or charges which may be levied against or imposed upon any Item of Equipment as a result of the failure of the Lessee to perform or observe any of its covenants or agreements under this Lease, and any other liens or charges which arise by virtue of claims against, through or under any party other than the Lessor, but the Lessee shall not be required to pay or discharge any such claims so long as it shall, in good faith and by appropriate legal proceedings contest the validity thereof in any reasonable manner which will not affect or endanger the title of the Lessor or the security interest of any assignee under Section 16 hereof in and to the Equipment. The Lessee's obligations under this Section 9 shall survive the termination of this Lease.

SECTION 10. FILING; PAYMENT OF STATE AND LOCAL TAXES

10.1. Filing. The Lessee will, at its sole expense, cause this Lease, the Sublease, the CSA and the related Assignment to be duly filed, recorded or deposited in such public offices within or without the United States as the Lessor or the Assignee may reasonably request and will furnish the Lessor and the Assignee proof thereof. The Lessee will, from time to time, do and perform any other act and will execute, acknowledge, deliver, file, register and record (and will refile, reregister or rerecord whenever required) any and all further instruments required by law or reasonably requested by the Lessor or the Assignee, for the purpose of protecting the Lessor's title to, or the Assignee's security interest in, any Item of Equipment to the satisfaction of the Lessor's or the Assignee's counsel or for the purpose of carrying out the intention of this Lease, and in connection with any such action, will deliver to the Lessor and the Assignee proof of such filings. Without limiting the foregoing, the Lessee will take all such other action, to the

extent the same is required by law or reasonably requested by the Lessor's or the Assignee's counsel and will deliver to the Lessor and the Assignee appropriate proof thereof. The Lessee will pay all costs, charges and expenses incident to any such filing, refiling, recording and rerecording or depositing and redepositing of any such instruments or incident to the taking of such action.

10.2. State and Local Taxes. All payment to be made by the Lessee hereunder will be free of expense to the Lessor, the Manufacturer, any assignee thereof (including but not limited to the "Assignee") and any Investors pursuant to Section 16 hereof (including, without limitation, the Assignee) (the "Indemnitees") for collection or other charges and will be free of expense to the Indemnitees with respect to the amount of any local, state, Federal or foreign taxes (including but not limited to income, franchise, sales or use [other than sales or use taxes included in the Purchase Price], personal property, ad valorem, value added, leasing, leasing use, stamp, license fees or other taxes, levies, charges or withholdings of any nature) (excluding, however, (i) any United States Federal income tax [and, to the extent that any respective Indemnatee receives credit therefor against its United States Federal income tax liability, any foreign income tax of such Indemnatee] payable by any respective Indemnatee in consequence of the receipt of payments provided herein, and (ii) the aggregate of all net income or franchise taxes measured by net income based on such receipts, up to the amount of any such taxes which would be payable to the state and city in which such Indemnatee has its principal place of business without apportionment to any other state, except any such tax which is in substitution for or relieves the Lessee from the payment of taxes which it would otherwise be obligated to pay or reimburse as herein provided), and any charges, fines or penalties in connection therewith (hereinafter called "Impositions") hereafter levied or imposed upon or in connection with or measured by this Lease or any sale, rental, use, payment, shipment, delivery or transfer of title under the terms hereof or the Assignment, all of which Impositions the Lessee assumes and agrees to pay on demand in addition to the payments to be made by it provided for herein. The Lessee will also pay promptly all Impositions which may be imposed upon any Item of Equipment or for the use or operations thereof or upon the earnings arising therefrom or upon any Indemnatee solely by reason of its interest with respect thereto and will keep at all times all and every part of such

Item of Equipment free and clear of all Impositions which might in any way affect the interest of any Indemnatee therein or result in a lien upon any such Item of Equipment; provided, however, that the Lessee shall be under no obligation to pay any Impositions so long as it is contesting in good faith and by appropriate legal proceedings such Impositions and the nonpayment thereof does not, in the reasonable opinion of the Indemnatee, adversely affect the interest of any Indemnatee hereunder or under the Assignment. If any Impositions shall have been charged or levied against any Indemnatee directly and paid by such Indemnatee after such Indemnatee shall have given written notice thereof to the Lessee and the same shall have remained unpaid for a period of 15 business days thereafter, the Lessee shall reimburse such Indemnatee on presentation of invoice therefor. Prior to making such payment, such Indemnatee shall promptly notify the Lessee of the Impositions charged or levied, and the Lessee shall have the opportunity to contest in good faith and by appropriate legal proceedings such Impositions, at its sole expense.

In the event any reports with respect to Impositions are required to be made on the basis of individual Items of Equipment, the Lessee will either prepare and file such reports in such manner as to show as required the interests of each Indemnatee in such Items of Equipment or, if it shall not be permitted to file the same, it will notify each Indemnatee of such reporting requirements, prepare such reports in such manner as shall be satisfactory to each Indemnatee and deliver the same to each Indemnatee within a reasonable period prior to the date the same is to be filed.

In the event that, during the continuance of this Lease, any Imposition accrues or becomes payable or is levied or assessed (or is attributable to the period of time during which this Lease is in existence) which the Lessee is or will be obligated to pay or reimburse, pursuant to this Section 10.2, such liability shall continue, notwithstanding the expiration of this Lease, until all such Impositions are paid or reimbursed by the Lessee.

SECTION 11. INSURANCE; PAYMENT FOR CASUALTY OCCURRENCE

11.1. Insurance. The Lessee agrees that it will at all times during the term of this Lease and during any storage period hereunder and at its own cost and expense keep each Item of Equipment insured against loss by fire,

windstorm and explosion and with extended coverage and against such other risks as are customarily insured against by railroad companies at not less than the full insurable value (actual replacement value less actual physical depreciation) thereof and in any event not less than the Casualty Value of such Item of Equipment as of the next following date of payment thereof and will maintain general public liability insurance with respect to the Equipment against damage because of bodily injury, including death, or damage to property of others, such insurance to afford protection to the limit of not less than \$1,000,000 in the aggregate in any single occurrence. Any such property insurance may have deductible provisions to no greater extent than \$5,000 per Item of Equipment (subject to \$10,000 maximum per occurrence), and any public liability insurance may have deductible provisions to no greater extent than \$15,000 in the aggregate in any single occurrence.

All such insurance shall cover the interest of the Lessor, the Lessee and the Assignee in the Equipment or, as the case may be, shall protect the Lessor, the Lessee and the Assignee in respect of risks arising out of the condition, maintenance, use, ownership and operation of the Equipment and shall provide that losses, if any, in respect to the Equipment shall be payable to the Lessee and the Lessor as their respective interests may appear; provided, however, that upon receipt by the Lessee of notice of the assignment of this Lease and the rents and other sums payable hereunder the Lessee shall cause the property insurance on the Equipment to provide that the losses, if any, shall be payable (except as provided below) to the Assignee under a standard mortgage loss payable clause satisfactory to the Lessor, the Lessee and the Assignee. All policies of insurance maintained pursuant to this Section shall provide that 30 days' prior written notice of cancelation, termination or expiration shall be given to the Lessor and the Assignee and that such insurance as to the interest of the Lessor or the Assignee therein shall not be invalidated by any act or neglect of the Lessor or the Lessee or by any foreclosure or other remedial proceedings or notices thereof relating to the Equipment or any interest therein nor by any change in the title or ownership of the Equipment or any interest therein or with respect thereto or by the use or operation of the Equipment for purposes more hazardous than is permitted by such policy. No such policy shall require co-insurance. The loss, if any, shall be adjusted only with the approval of the Lessee, the Lessor and the Assignee. All such policies shall provide that the loss, if any, thereunder shall be adjusted and paid as provided in this Lease.

The Lessee shall further furnish the Lessor and the Assignee with certificates or other satisfactory evidence of maintenance of the insurance required hereunder which shall include, without limitation, statements to the effect set forth in the preceding paragraph and with respect to any renewal policy or policies shall furnish certificates evidencing such renewal prior to the expiration date of the original policy or policies. All insurance provided for in this Section shall be effective with insurance companies approved by the Lessor and the Assignee, which approval shall not be unreasonably withheld.

The proceeds of any property insurance received by the Lessor or the Assignee will be paid to the Lessee either (i) upon a written application signed by the Lessee for payment of, or to reimburse the Lessee for payment of, the costs of repairing, restoring or replacing the Item of Equipment which has been lost, damaged or destroyed (which application shall be accompanied by satisfactory evidence of such cost and the completion of such repair, restoration or replacement) or (ii) if this Lease is terminated with respect to such Item of Equipment because of the destruction thereof promptly upon payment by the Lessee of the Casualty Value; provided that, if the Lessee is at the time of the application in default in the payment of any other liability of the Lessee to the Lessor hereunder, such proceeds may be applied against such liability; and provided further that the Lessor shall retain or be paid the proceeds of any property insurance to the extent such proceeds exceed the Casualty Value.

11.2. Duty of Lessee To Notify Lessor. In the event that any Item of Equipment shall be or become lost, stolen, destroyed, or, in the opinion of the Lessee, irreparably damaged during the term of this Lease or thereafter while such Item of Equipment is in the possession of the Lessee or the Sublessee pursuant to Section 13 or 15 hereof, or title or use thereof shall be requisitioned or taken over by any governmental authority under the power of eminent domain or otherwise during the term of this Lease for a stated period which exceeds the then remaining term of this Lease (any such occurrence being hereinafter called a "Casualty Occurrence"), the Lessee shall promptly and fully (after it has knowledge of such Casualty Occurrence) inform the Lessor and any assignee thereof pursuant to Section 16 hereof in regard thereto (including, without limitation, the Assignee) and shall pay the Casualty Value (as defined in Section 11.6 hereof) of such Item in accordance with the terms of Section 11.3 hereof.

11.3. Sum Payable for Casualty Loss. The Lessee, on the Term Lease Commencement Date or, in the event of a Casualty Occurrence after such date, on the next succeeding Interim Rental Payment Date or Fixed Rental Payment Date or the last day of the term of this Lease, as the case may be, following its knowledge of a Casualty Occurrence with respect to any Item or Items of Equipment, shall pay to the Lessor the installment of rental due on such payment date for such Item of Equipment plus any rentals or other sums due prior to such date then remaining unpaid plus a sum equal to the Casualty Value of such Item of Equipment as of the date of such payment.

11.4. Rent Termination. Upon (and not until) payment of all sums required to be paid pursuant to Section 11.3 hereof in respect of any Item or Items of Equipment, the obligation to pay rent for such Item or Items of Equipment accruing subsequent to the Casualty Value payment date shall terminate, but the Lessee shall continue to pay rent for all other Items of Equipment.

11.5. Disposition of Equipment. The Lessee shall, as agent for the Lessor, dispose of such Item or Items of Equipment having suffered a Casualty Occurrence as soon as it is able to do so for the fair market value thereof. Any such disposition shall be on an "as is, where is" basis without representation or warranty, express or implied. As to each separate Item of Equipment so disposed of, the Lessee may, so long as no Event of Default shall have occurred and be continuing hereunder, retain all amounts arising from such disposition plus any insurance proceeds and damages received by the Lessee by reason of such Casualty Occurrence plus any requisition or condemnation payments or awards up to the Casualty Value attributable thereto and actually paid by the Lessee pursuant hereto plus the difference, if any, between the Casualty Value payable hereunder and the Casualty Value payable under the Sublease or any other Permitted Sublease and shall remit the excess, if any, to the Lessor. In disposing of such Item of Equipment, the Lessee shall take such action as the Lessor shall reasonably request to terminate any contingent liability which the Lessor might have arising after such disposition from or connected with such Item of Equipment.

11.6. Casualty Value. The Casualty Value of each Item of Equipment shall be an amount determined as of the date the Casualty Value is paid as provided in this Section 11 (and not the date of the Casualty Occurrence) equal to that percentage of the Purchase Price of such Item

of Equipment set forth in the applicable Schedule of Casualty Values attached hereto as Schedule B opposite such date of payment.

11.7. Risk of Loss. The Lessee shall bear the risk of loss and, except as hereinabove in this Section 11 provided, shall not be released from its obligations hereunder in the event of any Casualty Occurrence to any Item of Equipment from and after the date hereof and continuing until payment of the Casualty Value and all rental installments and other sums due on and prior to the date of payment of such Casualty Value in respect of such Item of Equipment has been made, such Item or the salvage thereof has been disposed of by the Lessee and the title to such Item or the salvage thereof and all risk of loss and liabilities incident to ownership have been transferred to the purchaser of such Item or the salvage thereof.

11.8. Eminent Domain. In the event that during the term of this Lease the use of or title to any Item of Equipment is requisitioned or taken by any governmental authority under the power of eminent domain or otherwise for an indefinite period or for a stated period which does not exceed the term of this Lease, the Lessee's obligation to pay all installments of rental and other sums shall continue for the duration of such requisitioning or taking. The Lessee shall be entitled to receive and retain for its own account all sums payable for any such period by such governmental authority as compensation for requisition or taking of possession. If at the end of the then current term of this Lease any Item of Equipment is then owned or held by any governmental authority under the power of eminent domain or otherwise and this Lease shall not then be renewed pursuant to Section 18 hereof, from and after such date the Lessor shall be entitled to receive and retain for its own account all sums payable by such governmental authority as compensation for requisition or taking of possession.

SECTION 12. ANNUAL REPORTS

12.1. Duty of Lessee to Furnish. On or before the first March 1 which occurs more than 12 months following the date of this Lease and annually thereafter, the Lessee will furnish to the Lessor and any assignee thereof pursuant to Section 16 hereof (including, without limitation, the Assignee) an accurate statement, as of the preceding December 31 (a) showing the amount, description and numbers of

the Items of Equipment then leased hereunder, the amount, description and numbers of all Items of Equipment that may have suffered a Casualty Occurrence during the 12 months ending on such December 31 (or since the date of this Lease, in the case of the first such statement), and such other information regarding the condition or repair of the Equipment as the Lessor may reasonably request, and (b) stating that, in the case of all Equipment repainted during the period covered by such statement, the markings required by Section 4.2 hereof shall have been preserved or replaced.

12.2. Lessor's Inspection Rights. The Lessor and any assignee thereof pursuant to Section 16 hereof (including, without limitation, the Assignee and any Investor) each shall have the right, at their respective sole cost and expense, by their respective authorized representatives, to inspect the Equipment and the Lessee's records with respect thereto, at such time as shall be reasonably necessary to confirm thereto the existence and proper maintenance of the Equipment during the continuance of this Lease.

12.3. Other Reports. The Lessee agrees to prepare and deliver to the Lessor within a reasonable time prior to the required date of filing (or, to the extent permissible, file on behalf of the Lessor) any and all reports (other than income tax returns) to be filed by the Lessor with any Federal, state or other regulatory authority by reason of the ownership by the Lessor of the Equipment or the interest of the Assignee therein or the Leasing thereof to the Lessee.

SECTION 13. RETURN OF EQUIPMENT UPON EXPIRATION OF TERM

Upon the expiration of the term of this Lease with respect to any Item of Equipment, the Lessee will, at its own cost and expense, at the request of the Lessor, deliver possession of such Item of Equipment to the Lessor at such location on property owned or leased by the Lessee or the Sublessee or any company affiliated therewith as the Lessor may designate, or in the absence of such designation, as the Lessee may select, and permit the Lessor to store such Item of Equipment at such place for a period not exceeding 90 days from the date on which 90% of the Items of Equipment are placed in storage under this § 13, and will deliver such Items to any reasonable place on any railroad lines operated by the Lessor or to a reasonable site within 500 miles of the place of storage, all as directed by the Lessor upon not less

than 30 days' written notice to the Lessee. All movement and storage of each such Item is to be at the risk and expense of the Lessee, and the insurance requirements contained in Section 11.1 hereof shall continue to apply throughout such period of movement and storage. During any such storage period the Lessee will permit the Lessor or any person designated by it, including the authorized representative or representatives of any prospective purchaser of any such Item, to inspect the same; provided, however, that the Lessee shall not be liable, except in the case of negligence of the Lessee or of its employees or agents, for any injury to, or the death of, any person exercising, either on behalf of the Lessor or any prospective purchaser, the rights of inspection granted under this sentence. The assembling, delivery, storage and transporting of the Equipment as hereinbefore provided are of the essence of this Lease, and upon application to any court of equity having jurisdiction in the premises the Lessor shall be entitled to a decree against the Lessee requiring specific performance of the covenants of the Lessee to so assemble, deliver, store and transport the Equipment. Each Item of Equipment returned to the Lessor pursuant to this § 13 shall (i) be in the same operating order, repair and condition as when originally delivered to the Lessee, reasonable wear and tear excepted, and (ii) meet the standards then in effect under the Interchange Rules of the Association of American Railroads and/or the applicable rules of any governmental agency or other organization with jurisdiction. All amounts earned in respect of the Equipment after the date of expiration of this Lease shall belong to the Lessor and, if received by the Lessee, shall be promptly turned over to the Lessor. In the event any Item of Equipment is not assembled, delivered and stored as hereinabove provided within 30 days after the expiration of this Lease, the Lessee shall, in addition, pay to the Lessor for each day thereafter an amount equal to the amount, if any, by which the Fair Rental Value (determined in the manner provided in Section 18 hereof) for such Item of Equipment for each such day exceeds the amount, if any, received by the Lessor (either directly or from the Lessee) for such day for such Item pursuant to the preceding sentence.

SECTION 14. DEFAULT

14.1. Events of Default. Any of the following

events shall constitute an Event of Default hereunder:

(a) default shall be made in the payment of any part of the rental or Casualty Value provided in Section 2 or 11 hereof and such default shall continue for five business days;

(b) the Lessee shall make or permit any unauthorized assignment or transfer of this Lease, or of possession of the Equipment, or any portion thereof;

(c) any representation or warranty made by the Lessee herein or in the Participation Agreement or in any statement or certificate furnished to the Lessor, the Assignee or any Investor pursuant to or in connection with this Lease or the Participation Agreement proves untrue in any material respect as of the date of issuance or making thereof;

(d) default shall be made in the observance or performance of any of the covenants and agreements of the Lessee contained in Section 11.1 of this Lease;

(e) default shall be made in the observance or performance of any other of the covenants and agreements on the part of the Lessee contained herein or in the Participation Agreement and any such default shall continue for 30 days after written notice from the Lessor to the Lessee, specifying the default and demanding the same to be remedied;

(f) any holder of Funded Debt (as defined below) of the Lessee or a trustee for such holder shall cause to be accelerated the payment thereof prior to its stated maturity or its regularly scheduled dates of payment, or any lessor or assignee thereof shall terminate or shall initiate appropriate proceedings to enforce any Capitalized Lease (as defined below), in each such case upon the happening of a default or event, and following such giving of notice and/or the continuance of such period of time, if any, as shall permit such acceleration or termination or the initiation of such proceedings;

(g) the Lessee becomes insolvent or bankrupt or admits in writing its inability to pay its debts as they may mature, or makes an assignment for the benefit of creditors or applies for or consents to the appointment

of a trustee or receiver for the Lessee or for the major part of its property;

(h) a trustee or receiver is appointed for the Lessee or for the major part of its property and is not discharged within 60 days after such appointment; or

(i) any other proceedings shall be commenced by or against the Lessee for any relief which includes any modification of the obligations of the Lessee hereunder under any bankruptcy or insolvency laws, or laws relating to the relief of debtors, readjustment of indebtedness, reorganizations, arrangements, compositions or extension (other than a law which does not permit any readjustment of such obligations), and, unless such proceedings shall have been dismissed, nullified, stayed or otherwise rendered ineffective (but then only so long as such stay shall continue in force or such ineffectiveness shall continue), all such obligations shall not have been duly assumed in writing, pursuant to a court order or decree, by a trustee or trustees or receiver or receivers appointed (whether or not subject to ratification) for the Lessee or for the property of the Lessee in connection with any such proceedings, in such manner that such obligations shall have the same proceedings, in such manner that such obligations shall have the same status as obligations incurred by such trustee or trustees or receiver or receivers, within 60 days after such proceedings shall have been commenced.

"Funded Debt" of the Lessee shall mean any indebtedness thereof for borrowed money, whether incurred, assumed or guaranteed, or indebtedness which has been incurred, assumed or guaranteed in connection with the acquisition of property or assets (including any deferred portion of the purchase price thereof) which in any case has an unpaid principal balance of more than \$100,000 and has a stated maturity of (or is renewable or extendible at the option of the obligor for a period or periods extending) more than 12 months from its date of origin, including the current maturities thereof.

"Capitalized Lease" shall mean any lease of real or personal property by the Lessee, as Lessee, which as originally executed provides, or is amended to provide, for a term (including the initial term and any period for which such lease may be renewed or extended at the option of the Lessor) of more than three years and which has an unexpired

term of more than one year (including any such renewal or extension periods) and which provides for the payment by such Lessee throughout the then remaining term of the lease of periodic rental installments aggregating more than \$100,000, whether or not such lease or the rentals thereunder are reflected in the balance sheet of said leasee, or any lease of real or personal property by any other party otherwise described above for which the Lessee has assumed or guaranteed the obligations of the Lessee thereunder.

14.2. Remedies. If any Event of Default has occurred and is continuing, the Lessor or, in the event this Lease shall be assigned to an assignee pursuant to Section 16 hereof, such assignee, at its option, may:

(a) proceed by appropriate court action or actions, either at law or in equity, to enforce performance by the Lessee of the applicable covenants of this Lease or to recover damages for the breach thereof, including net after-tax losses of Federal and state income tax benefits to which the Lessor would otherwise be entitled under this Lease and reasonable attorneys' fees; or

(b) by notice in writing to the Lessee, terminate this Lease, whereupon all right of the Lessee to the use of the Equipment shall absolutely cease and terminate as though this Lease had never been made, but the Lessee shall remain liable as hereinafter provided; and thereupon, the Lessor may by its agents enter upon the premises of the Lessee or other premises where any of the Equipment may be located and take possession of all or any of the Items of Equipment and thenceforth hold, possess and enjoy the same free from any right of the Lessee, or its successors, assigns or sublessees, to use such Items for any purpose whatever, but the Lessor or such assignee, as the case may be, shall nevertheless have a right to recover from the Lessee any and all amounts which may have accrued to the date of such termination (computing the rental for any number of days less than a full rental period by multiplying the rental for such full rental period by a fraction of which the numerator is such number of days and the denominator is the total number of days in such full rental period) and also to recover forthwith from the Lessee (i) as damages for loss of the bargain and not as a penalty, whichever of the following amounts the Lessor or such assignee, as

the case may be, in its sole discretion, shall specify: (x) a sum with respect to each Item of Equipment which represents the excess of the present worth, at the time of such termination, of all rentals for such Item which would otherwise have accrued hereunder from the date of such termination to the end of the term of this Lease over the then present worth of the then Fair Rental Value of such Item for such period computed by discounting from the end of such term to the date of such termination rentals which the Lessor or such assignee, as the case may be, reasonably estimates to be obtainable for the use of such Item during such period, such present worth to be computed in each case on a basis of a 7% per annum discount, compounded monthly from the respective dates upon which rentals would have been payable hereunder had this Lease not been terminated, or (y) an amount equal to the excess of any of the Casualty Value of such Item of Equipment as of the rent payment date on or immediately preceding the date of termination over the amount the Lessor or such assignee, as the case may be, reasonably estimates to be the Fair Market Value thereof at such time; provided, however, that in the event the Lessor or such assignee, as the case may be, shall have sold any Item of Equipment, such party, in lieu of collecting any amounts payable thereto by the Lessee pursuant to the preceding clauses (x) and (y) of this part (i) with respect thereto may, if it shall so elect, demand that the Lessee pay such party and the Lessee shall pay to such party, on the date of such sale, as liquidated damages for loss of a bargain and not as a penalty, an amount equal to the excess, if any, of the Casualty Value of such Item of Equipment as of the rent payment date on or immediately preceding the date of termination over the net proceeds of such sale, and (ii) any damages and expenses, other than for a failure to pay rental, in addition thereto, including reasonable attorneys' fees, which the Lessor or such assignee, as the case may be, shall have sustained by reason of the breach of any covenant or covenants of this Lease other than for the payment of rental; and/or

(c) direct the Sublessee under the Sublease or any Sublessee under any other Permitted Sublease to pay all rentals and other amounts and render all performances due to the Lessee thereunder to the Lessor or such assignee, as the case may be, which direction shall be joined in by the Lessee.

For purposes of Section 14.2 above, the Fair Rental Value for any Item of Equipment shall be determined in the appraisal arrangements specified in Section 18.2(b) hereof and the Fair Market Value for any Item of Equipment shall be determined in a similar manner with appropriate adjustments for sale rather than rental, with any appraisal expenses to be borne by the Lessee; provided that any sale in a commercially reasonable manner of any Item of Equipment prior to any such determination shall conclusively establish the Fair Market Value of such Item and any rental in a commercially reasonable manner of any Item of Equipment prior to any such determination shall conclusively establish the Fair Rental Value of such Item.

14.3. Cumulative Remedies. The remedies in this Lease provided in favor of the Lessor shall not be deemed exclusive, but shall be cumulative and shall be in addition to all other remedies in its favor existing at law or in equity. The Lessee hereby waives any mandatory requirements of law, now or hereafter in effect, which might limit or modify any of the remedies herein provided, to the extent that such waiver is permitted by law. The Lessee hereby waives any and all existing or future claims of any right to assert any offset against the rent payments due hereunder, and agrees to make the rent payments regardless of any offset or claim which may be asserted by the Lessee on its behalf in connection with the lease of the Equipment.

14.4. Failure to Exercise Rights. The failure of the Lessor or such assignee, as the case may be, to exercise the rights granted it hereunder upon any occurrence of any of the contingencies set forth herein shall not constitute a waiver of any such right upon the continuation or recurrence of any such contingencies or similar contingencies.

14.5. Notice of Event of Default. The Lessee also agrees to furnish to the Lessor and the Assignee, promptly upon any responsible officer's becoming aware of any condition which constituted or constitutes an Event of Default under this Lease or which, after notice or lapse of time, or both, would constitute such an Event of Default, written notice specifying such condition and the nature and status thereof and indicating the intention or expectation of the Lessee as to the disposition thereof. For the purposes of this Section 14.5 a "responsible officer" shall mean, with respect to the subject matter of any covenant, agreement or obligation of the Lessee in this Lease contained, any corporate

officer of the Lessee who, in the normal performance of his operational responsibilities, would have knowledge of such matter and the requirements of this Lease with respect thereto.

SECTION 15. RETURN OF EQUIPMENT UPON DEFAULT.

15.1. Lessee's Duty to Return. If the Lessor or any assignee of the Lessor pursuant to Section 16 hereof (including, without limitation, the Assignee) shall terminate this Lease pursuant to Section 14 hereof, the Lessee shall forthwith deliver possession of the Equipment to the Lessor. For the purpose of delivering possession of any Item of Equipment to the Lessor as above required, the Lessee shall at its own cost, expense and risk (except as hereinafter stated):

(a) forthwith place such Equipment at such location on property owned or leased by the Sublessee, or if the Sublease shall have been terminated, at such other reasonable place as the Lessor may designate or, in the absence of such designation, as the Lessee may select;

(b) permit the Lessor to store such Equipment on such place without charge for Insurance, rent or storage until such Equipment has been sold, leased or otherwise disposed of by the Lessor; and

(c) transport each Item of Equipment one time to any place on the lines of railroad operated by the Lessor to a reasonable site within 500 miles of the place of storage, all as the Lessor may direct in writing.

Each Item of Equipment returned to the Lessor pursuant to this § 15 shall (i) be in the same operating order, repair and condition as when originally delivered to the Lessee, reasonable wear and tear excepted, and (ii) meet the standards then in effect under the Interchange Rules of the Association of American Railroads and/or the applicable rules of any governmental agency or other organization with jurisdiction. All amounts earned in respect of the Equipment after the date of termination of this Lease shall belong to the Lessor or, in the event this Lease has been assigned pursuant to Section 16 hereof, to such assignee, and, if received by the Lessee, shall be promptly turned over to the

Lessor, or in the case of such assignment, to such assignee. In the event any Item of Equipment is not assembled, delivered and stored as hereinabove provided within 30 days after the termination of this Lease, the Lessee shall, in addition, pay to the Lessor or, in the case of such assignment, to such assignee for each day thereafter an amount equal to the amount, if any, by which the Fair Rental Value (determined in the manner provided in Section 18 hereof) for such Item of Equipment for each such day exceeds the amount, if any, received by the Lessor or such assignee (either directly or from the Lessee) for such day for such Item pursuant to the preceding sentence.

15.2. Specific Performance. The assembling, delivery, storage and transporting of the Equipment as hereinbefore provided are of the essence of this Lease, and upon application to any court of equity having jurisdiction in the premises, the Lessor shall be entitled to a decree against the Lessee requiring specific performance of the covenants of the Lessee so to assemble, deliver, store and transport the Equipment.

15.3. Lessor Appointed Lessee's Agent. Without in any way limiting the obligation of the Lessee under the foregoing provisions of this Section 15, the Lessee hereby irrevocably appoints the Lessor as the agent and attorney of the Lessee, with full power and authority, at any time while the Lessee is obligated to deliver possession of any Items of Equipment to the Lessor, to demand and take possession of such Item in the name and on behalf of the Lessee from whomsoever shall be at the time in possession of such Item.

SECTION 16. ASSIGNMENTS BY LESSOR

This Lease and all rent and all other sums due or to become due hereunder may be assigned in whole or in part by the Lessor to the Assignee without the consent of the Lessee, but the Lessee shall be under no obligation to the Assignee except upon written notice of such assignment from the Lessor. Upon notice to the Lessee of any such assignment, the rent and other sums payable by the Lessee which are the subject matter of the assignment shall be paid to or upon the written order of the Assignee. Without limiting the foregoing, the Lessee further acknowledges and agrees that (i) the rights of the Assignee in and to the sums payable by the Lessee under any provision of this Lease shall not be

subject to any abatement whatsoever and shall not be subject to any defense, setoff, counterclaim or recoupment whatsoever whether by reason of failure of or defect in the Lessor's title, or any interruption from whatsoever cause in the use, operation or possession of the Equipment or any part thereof, or any damage to or loss or destruction of the Equipment or any part thereof, or by reason of any other indebtedness or liability, whenever arising of the Lessor to the Lessee or to any other person, firm or corporation or to any governmental authority or for any cause whatsoever, it being the intent hereof that, except in the event of a wrongful act on the part of the Assignee, the Lessee shall be unconditionally and absolutely obligated to pay the Assignee all of the rents and other sums which are the subject matter of the assignment, (ii) the Assignee shall, if an Event of Default, or any event which with the lapse of time or the giving of notice, or both, would constitute such an Event of Default, shall have occurred and be continuing, have the sole right to exercise all rights, privileges and remedies (either in its own name or in the name of the Lessor for the use and benefit of the Assignee) which by the terms of this Lease are permitted or provided to be exercised by the Lessor (except those rights, privileges and remedies relating to amounts payable to the Lessor pursuant to Sections 6, 10.2, 11.1 [with respect to public liability insurance] and 22.2 hereof which shall remain enforceable by the Lessor), but if no Event of Default or event which with the lapse of time or giving of notice, or both, would constitute an Event of Default, shall have occurred and be continuing, the Assignee and the Lessor may each exercise their respective rights, privileges and remedies stated in this Lease to be provided for their respective benefits, and (iii) all obligations of the Lessor to the Lessee under this Lease shall be and remain enforceable by the Lessee against, and only against, the Lessor.

Upon satisfaction in full of the CSA, and subject to the rights of the Lessee and the Sublessee, this Lease and all rent and all other sums due or to become due hereunder may be assigned in whole or in part by the Lessor to a party ("Subsequent Assignee") without the consent of the Lessee, but the Lessee shall be under no obligation to the Subsequent Assignee except upon written notice of such assignment.

SECTION 17. ASSIGNMENTS BY LESSEE; USE AND POSSESSION; PRIORITY

17.1. Lessee's Rights to the Equipment. So long

as no Event of Default shall have occurred and be continuing, the Lessee shall be entitled to the possession and use of the Equipment in accordance with the terms of this Lease, but, without the prior written consent of the Lessor, the Lessee shall not, except to the extent permitted by the provisions of Section 17.2 hereof, assign, transfer or encumber its leasehold interest under this Lease in any of the Equipment. The Lessee shall not, without the prior written consent of the Lessor, part with the possession or control of, or suffer or allow to pass out of its possession or control, any of the Equipment, except to the extent permitted by the provisions of Section 17.2 hereof.

17.2. Other Use and Possession by Lessee; Permitted Subleases. So long as the Lessee shall not be in default under this Lease, the Lessee shall be entitled to the possession of the Equipment and to the use thereof throughout the continental United States and Canada, but only upon and subject to all the terms and conditions of this Lease; provided that the Lessee agrees that the use of the Equipment outside the continental United States shall be de minimis. The Lessee may use the Equipment or any portion thereof on any lines of railroad owned by it or any affiliate and in connection therewith may permit any Item of Equipment to be transported by rail throughout the railroad system operated by the Sublessee or its affiliated companies and by connecting and other carriers in the usual interchange of traffic. The Lessee agrees that it will not assign this Lease or any of its rights hereunder or sublease any Item of Equipment; provided, however, that nothing contained in this Lease shall be deemed to prevent the sublease of any Item of Equipment in accordance with the provisions set forth below in this Section 17.2. No such sublease or permitted use shall relieve the Lessee of any of the obligations, liabilities or duties hereunder, which shall be and remain those of a principal and not a guarantor.

So long as the Lessee shall not be in default under this Lease, the Lessee shall be entitled to sublease the Items of Equipment to (i) the Sublessee under the Sublease, and (ii) such other sublessees under such terms of sublease as, in each case, shall have been approved in writing by the Lessor (the Sublease and such other subleases being herein sometimes together called the "Permitted Subleases"); provided, however, that any such Permitted Sublease and the rights and interests of any sublessee thereunder shall in all events be subject and subordinate to this Lease and the rights and

interests of the Lessor and its respective successors and assigns hereunder and, in the case of subleases for a term of more than 90 days, shall confirm such subordination by a provision therein substantially in the form of Section 7(c) of the Sublease and such Permitted Sublease shall in all cases be for a term expiring not later than the end of the then current term of this Lease. So long as the Lessee shall not be in default under this Lease, each Item of Equipment may, under the terms of this Lease and pursuant to any such Permitted Sublease, be used upon connecting and other carriers in normal service, but only upon and subject to all of the terms and conditions of this Lease.

17.3. Merger, Consolidation or Acquisition of Lessee. Nothing in this Section 17 shall be deemed to restrict the right of the Lessee to assign or transfer its leasehold interest under this Lease in the Equipment or possession of the Equipment to any corporation into or with which the Lessee shall have become merged or consolidated or which shall have acquired or leased all or substantially all of the property of the Lessee; provided that such assignees, successors or transferees shall have duly assumed the obligations of the Lessee hereunder and that they will not, upon the effectiveness of such merger or consolidation or acquisition of properties and the assumption of such obligations, be in default under any provision of this Lease and that such merger or consolidation or acquisition of Properties shall not alter in any way the Lessee's obligations to the Lessor hereunder which shall be and remain those of a principal and not a guarantor.

SECTION 18. RIGHT OF FIRST REFUSAL; RENEWAL OPTIONS

18.1. Right of First Refusal. Provided that the Lessee is not in default hereunder, the Lessor shall not for a period of one year after the end of the term of this Lease or any renewal term thereof, sell, transfer or otherwise dispose of the Equipment (except pursuant to lease thereof) unless:

(a) the Lessor shall have received from a responsible purchaser or purchasers a bona fide offer, or offers, satisfactory to the Lessor in writing, to purchase all or any portion of the Items of Equipment;

(b) the Lessor shall have given the Lessee and,

so long as the Sublease shall not have expired or been terminated, the Sublessee, notice (i) setting forth in detail the identity of such purchaser, the proposed purchase price, the proposed date of purchase and all other material terms and conditions of such purchase, including, without limitation, any arrangements for the financing of such purchase known to the Lessor, and (ii) offering to sell such Items of Equipment to the Sublessee, or if the Sublessee does not so exercise such right of purchase, to the Lessee upon the same terms and conditions as those set forth in such notice; provided, however, that the purchase price paid by the Lessee or the Sublessee for such Items of Equipment shall not be less than the Fair Market Value thereof as of the date of purchase determined in the manner provided in Section 18.2(b) hereof for the determination of Fair Rental Value, with appropriate adjustments for sale rather than rental, without taking into account any decrease in value attributable to the existence of this Lease; and

(c) the Lessor shall not have received written notification from the Lessee or the Sublessee within 20 days following such notice of the election to purchase such Items of Equipment upon such terms and conditions.

The Sublessee is hereby agreed on the part of both the Lessor and the Lessee to be a third party beneficiary to the undertakings set forth in this Section 18.1.

18.2. Renewal Options. Provided that no Event of Default, or any event which with the lapse of time or the giving of notice, or both, would constitute such an Event of Default, shall have occurred and be continuing, the Lessee shall have the following renewal options:

(a) The Lessee shall have the option to renew and extend this Lease as to all, but not less than all, of the Items of Equipment then leased hereunder for three one-year renewal terms, upon and subject to the terms and conditions herein contained for the original term of this Lease; provided that the Fixed Rental payable for and during each renewal term shall be an amount equal to the Fair Rental Value of such Items of Equipment and the Casualty Value in force throughout each renewal term shall be the higher of (i) an amount equal to 20% of the Purchase Price thereof, or (ii) the Fair Market Value thereof determined at the commencement of such renewal term (determined in the manner below provided for the determination of Fair Rental Value, with appropriate

adjustments for sale rather than rental). Each renewal term shall commence immediately upon the expiration of the preceding term, subject only to the right of the Lessee to cancel its election to renew not less than 90 days prior to the date of commencement of such renewal term as provided in Section 18.2(b) hereof. The Lessee shall give the Lessor written notice of any such election at least 260 days prior to the commencement of any renewal term provided for in this Section 18.2.

(b) The Fair Rental Value of an Item of Equipment shall be determined on the basis of, and shall be equal in amount to, the value which would obtain in an arm's-length transaction between an informed and willing lessee (other than a lessee currently in possession) and an informed and willing lessor under no compulsion to lease. If on or before 180 days prior to the date of commencement of the renewal term elected by the Lessee, the Lessor and the Lessee are unable to agree upon a determination of the Fair Rental Value of the Item of Equipment, such value shall be determined in accordance with the foregoing definition by a qualified independent Appraiser. The term "Appraiser" shall mean two independent appraisers, one chosen by the Lessor and one chosen by the Lessee, or, if such appraisers cannot agree on the amount of such value within 150 days prior to the date of commencement of the renewal term elected by the Lessee, determined on the basis of an appraisal made by a third appraiser chosen by the American Arbitration Association. If either the Lessor or Lessee shall fail to choose an appraiser within 10 days of the commencement of said 180-day period, then any appraiser so appointed by the other such party shall be the "Appraiser". The Appraiser shall be instructed to make such determination within a period of 30 days following appointment, and shall promptly communicate such determination in writing to the Lessor and the Lessee. The determination so made shall be conclusively binding upon both the Lessor and the Lessee; provided, however, that at any time during the appraisal procedure or following the determination of Fair Rental Value but in no event later than 90 days prior to the date of commencement of the renewal term elected by the Lessee, the Lessee may cancel its election to renew this Lease by providing written notice to the Lessor of such cancellation prior to the commencement of said 90-day period. The expenses and fees of the Appraiser shall be borne by the Lessee.

18.3. Delivery of Equipment. Unless the Lessee has elected to purchase the Items of Equipment then leased hereunder or to renew this Lease in respect of such Items of Equipment as provided in this Section 18, all of such Items of Equipment shall be returned to the Lessor at the end of the original term, or the then current renewal term, as the case may be, in accordance with Section 13 hereof.

SECTION 19. INTEREST ON OVERDUE RENTALS

Anything to the contrary herein contained notwithstanding, any nonpayment of rent due hereunder shall result in the additional obligation on the part of the Lessee to pay also an amount equal to 12% per annum on the overdue rentals or other obligations of the Lessee hereunder for the period of time during which they are overdue.

SECTION 20. COLLATERAL ASSIGNMENT BY LESSEE OF PERMITTED SUBLEASES

20.1. Assignment. As collateral security for the payment of any and all of the obligations and liabilities of the Lessee due hereunder, the Lessee does hereby grant a security interest in and assigns to the Lessor all of its right, title and interest which it has acquired or may have acquired under and pursuant to each and all Permitted Subleases whether now existing or hereafter entered into, including, without limitation, the Equipment Sublease dated as of November 1, 1979, between the Lessee and New Hope & Ivyland Railroad Company and also in any and all extensions and renewals thereof or of any other Permitted Subleases, including the right to any and all sums and moneys payable to the Lessee pursuant thereto or to any other Permitted Subleases and any and all rights of the Lessee to receive said sums and moneys.

20.2. Further Assignment. The Lessee acknowledges and agrees that (i) all rights and interests of the Lessor pursuant to this Section 20 may be assigned by the Lessor to any assignee in accordance with Section 16 hereof, and (ii) the assignment provided for in this Section 20 shall not in any way obligate the Lessor or any of its successors or assigns to perform or satisfy any of the obligations or liabilities of the Lessee under any of such Permitted Subleases.

20.3. Power of Attorney. The Lessee hereby irrevocably constitutes and appoints the Lessor its true and lawful attorney with full power of substitution for it in its name and stead to ask, demand, collect, receive, receipt for, sue for, compound and give acquittance for any and all sums or properties which may be or become due, payable or distributable to and in respect of the interests assigned under this Section 20, with full power to settle, adjust or compromise any claim thereof or therefor as fully as the Lessee could itself do and to endorse the name of the Lessee on all commercial paper given in payment or part payment of and all documents of satisfaction, discharge or receipt required or requested in connection therewith and in its discretion, to file any claim, to take any other action or proceeding, either in its name or name of the Lessee or otherwise, which the Lessor may deem necessary or appropriate to collect or otherwise realize upon any and all interest assigned hereunder, or which may be necessary or appropriate to protect and preserve the right, title and interest of the Lessor in and to the interests assigned under this Section 20 and the security intended to be afforded hereby.

20.4. Further Assurance. Without limiting the foregoing, the Lessee hereby further covenants that it will, upon the written request of the Lessor, execute and deliver such further instruments and do and perform such other acts and things as the Lessor or its assigns may deem necessary or appropriate to effectively invest in and secure to the Lessor and its assigns the interests assigned pursuant to this Section 20 or other rights or interests due or hereafter to become due.

20.5. Application of Moneys. All distributions and payments to the Lessor pursuant to the Assignment provided for in this Section 20 shall be applied by the Lessor to the payment and reduction of the obligations and liabilities of the Lessee under this Lease which upon receipt of such sums are then due and owing, and any excess is to be released and paid promptly to the Lessee.

20.6. Duration. The satisfaction or discharge of any part of the obligations or liabilities of the Lessee under this Lease shall not in any way satisfy or discharge the assignment provided for in this Section 20, but such assignment shall remain in full force and effect so long as any amount remains unpaid on any such obligations or liabilities.

SECTION 21. PERFORMANCE BY PERMITTED SUBLESSEES

Without limiting the responsibility of the Lessee to comply with its obligations provided herein, it is hereby understood and agreed that in the event the Sublessee or any other sublessee under a Permitted Sublease shall perform one or more of the obligations of the Lessee provided for herein (other than any obligation of the Lessee to pay Interim or Fixed Rental, which payment in each instance must be made by the Lessee), such performance shall constitute compliance by the Lessee with such obligation and no Event of Default shall result from the full and complete performance of such obligation by the Sublessee or any other such sublessee in lieu of such performance by the Lessee.

SECTION 22. MISCELLANEOUS

22.1. Notices. Any notice required or permitted to be given by either party hereto to the other shall be deemed to have been given when deposited in the United States certified mails, first class, postage prepaid, addressed as follows:

If to the Lessor:

Richmond, Fredericksburg and Potomac
Railroad Company
P. O. Box 11281
Richmond, Virginia 23230

Attention of Treasurer

If to the Lessee:

McHugh Brothers Crane Rentals, Inc.
P. O. Box 196
Pennadel, Pennsylvania 19407

Attention of President

or addressed to any such party at such other address as such party shall hereafter furnish to such other parties in writing.

22.2. Right of Lessor To Perform. If the Lessee shall fail to comply with any of its covenants herein contained, either the Lessor or, in the case of an assignment

by the Lessor pursuant to Section 16 hereof, the assignee thereunder may, but shall not be obligated to, make advances to perform the same and to take all such action as may be necessary to obtain such performance. Any payment so made by any such party and all cost and expense (including, without limitation, reasonable attorneys' fees and expenses) incurred in connection therewith shall be payable by the Lessee to the party making the same upon demand as additional rent hereunder, with interest at the rate of 12% per annum.

22.3. Execution in Counterparts. This Lease, and any lease supplemental hereto, may be executed in several counterparts, each of which so executed shall be deemed to be an original and in each case such counterparts shall constitute but one and the same instrument.

22.4. Law Governing. This Lease shall be construed in accordance with the laws of the Commonwealth of Virginia; provided, however, that the parties shall be entitled to all rights conferred by any applicable Federal statute, rule or regulation.

22.5. Notices, etc. to Assignee. Any provision in this Lease which shall require the giving of notice or the delivery of any report or other item to the Assignee or the obtaining from the Assignee or the Investors of any consent or waiver shall be void and of no further force and effect from and after the payment in full of the entire balance of principal and accrued interest on the CSA Indebtedness.

22.6. Headings and Table of Contents. All Section headings and the Table of Contents are inserted for convenience only and shall not affect any construction or interpretation of this Lease.

22.7. Severability. Any provision of this Lease which is prohibited or unenforceable in any jurisdiction shall be as to such jurisdiction ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provisions in any other jurisdiction.

SECTION 23. TAX INDEMNIFICATION

23.1. This Lease has been entered into on the

basis that the Lessor shall be entitled to such deductions, credits and other benefits as are ordinarily provided to any owners of tangible personal property used in a trade or business including, without limitation:

(i) the investment tax credit pursuant to section 38 and related sections of the Internal Revenue Code of 1954, as amended to the date of execution by the Lessee hereof (the "Code"), in an amount equal to not less than 10% of the Purchase Price (as defined in the CSA) of each Item of Equipment (the "Investment Credit");

(ii) deductions for depreciation of the full Purchase Price of each Item of Equipment using the half-year convention or the modified half-year convention at the Lessor's option and computed on the basis of the double-declining balance method of depreciation pursuant to section 167 (b)(2) of the Code, switching to the sum of the years-digits method of depreciation pursuant to section 167(b) (3) of the Code when most beneficial to the Owner and without obtaining the prior consent of the Commissioner of Internal Revenue, over an asset depreciation period of 11 years, to a net salvage value of zero after the reduction permitted by section 167(f)(1) of the Code (the "Depreciation Deduction"); and

(iii) the deduction under Section 163 of the Code in the full amount of any interest paid or accrued on the CSA Indebtedness (the "Interest Deduction").

23.2. If the Lessor shall lose, shall not have or shall lose the right to claim or if there shall be disallowed or recaptured with respect to the Lessor, all or any portion of the Investment Credit, the Interest Deduction or the Depreciation Deduction ("Loss"), then the Fixed Rental applicable to such Item of Equipment shall, on and after the next succeeding Fixed Rental payment date as defined in Section 2.2 hereof, upon written notice to the Lessee by the Lessor that a Loss has occurred, be increased by such amount for such Item which, in the reasonable opinion of the Lessor, will cause the Lessor's net return over the term of this Lease in respect of such Item to equal the net return that would have been available if the Lessor had been entitled to the utilization of all of the Investment Credit, the Interest Deduction ^{AND} the Depreciation Deduction with respect to such Item. If any amounts shall become payable by the Lessee pursuant to this Section 23, the Casualty Values set forth in Schedule B hereto shall be increased

accordingly. If such Loss occurs more than nine years following the Term Lease Commencement Date the Lessor shall notify the Lessee in writing of such Loss and the Lessee shall, within 30 days after such notice, pay to the Lessor such sum as will, in the reasonable opinion of the Lessor, cause the Lessor's net return over the term of this Lease in respect of such Item to equal the net return that would have been available if the Lessor had been entitled to the utilization of all of the Investment Credit, the Interest Deduction and the Depreciation Deduction with respect to such Item. The Lessee shall forthwith pay to the Lessor the amount of any interest which may be assessed by the United States or any state against the Lessor attributable to the Loss.

23.3. For purposes of this Section, a Loss shall occur upon the earliest of (1) the happening of any event (such as a disposition or change in the use of any Item of Equipment) which may cause such Loss, (2) the payment by the Lessor to the Internal Revenue Service of the tax increase resulting from such Loss, or (3) the adjustment of the tax return of the Lessor to reflect such Loss. With respect to any Item of Equipment, the Lessor shall be responsible for, and shall not be entitled to a payment under this Section on account of, any Loss due to one or more of the following events: (i) a disqualifying disposition due to sale of such Item of Equipment or the lease thereof by the Lessor (other than to the Lessee or the Sublessee) prior to any default by the Lessee, or (ii) a failure of the Lessor to timely or properly claim the Investment Credit, the Interest Deduction or the Depreciation Deduction for such Item of Equipment in the tax return of the Lessor, or (iii) a disqualifying change in the nature of the Lessor's business or liquidation thereof, or (iv) a foreclosure by any Person holding through the Lessor of a lien on such Item of Equipment, which foreclosure results solely from an act of the Lessor, or (v) any event which by the terms of this Lease requires payment by the Lessee of the Casualty Value of such Item, or (vi) the failure of the Lessor to have sufficient liability for tax against which to apply such Investment Credit or taxable income against which to apply such Depreciation Deduction or Interest Deduction.

23.4. All of the Lessor's rights and privileges arising from the indemnities contained in this Section shall survive the expiration or other termination of this Lease with respect to any or all Items of Equipment and such indem-

nities are expressly made for the benefit of, and shall be enforceable by the Lessor, its successors and assigns.

IN WITNESS WHEREOF, the parties hereto have caused this Lease to be executed by their respective officers thereunder duly authorized and the corporate seals to be hereto affixed as of the day and year first above written.

[CORPORATE SEAL]

RICHMOND, FREDERICKSBURG AND
POTOMAC RAILROAD COMPANY,

ATTEST:

by

Carlyle Fleming
Its Assistant Secretary

J. J. Newbauer Jr.
Its Vice President

[CORPORATE SEAL]

McHUGH BROTHERS CRANE RENTALS,
INC.,

ATTEST:

by

Its _____

Its _____

LESSEE

COMMONWEALTH OF VIRGINIA,)
) ss.:
CITY OF RICHMOND,)

On this 13th day of November 1979, before me personally appeared J. J. Newbauer, Jr., to me personally known, who, being by me duly sworn, says that he is the Vice President of RICHMOND, FREDERICKSBURG AND POTOMAC RAILROAD COMPANY, that one of the seals affixed to the foregoing instrument is the corporate seal of said Corporation, that said instrument was signed and sealed on behalf of said Corporation by authority of its Board of Directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said Corporation.

George B. Harris
Notary Public

[NOTARIAL SEAL]

My commission expires: August 22, 1980.

COMMONWEALTH OF PENNSYLVANIA,)
) ss.:
COUNTY OF BUCKS,)

On this day of November 1979, before me personally appeared , to me personally known, who, being by me duly sworn, says that he is the of McHUGH BROTHERS CRANE RENTALS, INC., that one of the seals affixed to the foregoing instrument is the corporate seal of said Corporation, that said instrument was signed and sealed on behalf of said Corporation by authority of its Board of Directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said Corporation.

Notary Public

[NOTARIAL SEAL]

My commission expires:

134411
3310
11/10
11/10

11/10

11/10

11/10

SCHEDULE A TO LEASE

DESCRIPTION OF ITEMS OF EQUIPMENT

Manufacturer of Equipment: FMC Corporation
Description of Equipment: 300 new box cars,
bearing the following Sublessee's
road numbers:

Sublessee's Numbers

NHIR 50001
through
NHIR 50300
both inclusive

Specifications: FMC Job No. 17978 and
FMC Job No. 18031

Estimated Purchase Price
of Equipment: \$38,430 per Item for XM cars
(\$5,764,500 for 150 Items)

\$41,482 per Item for XF cars
(\$6,222,300 for 150 Items)

\$11,986,800 Aggregate Estimated
Purchase Price for 300 Items

Maximum Aggregate Purchase Price of Equipment: \$44,000 per Item (\$13,200,000
for 300 Items)

Place of Delivery: Manufacturer's Plant at Portland,
Oregon

Outside Delivery Date: June 1, 1980

SCHEDULE B TO LEASE

SCHEDULE OF CASUALTY VALUES
FOR EQUIPMENT DELIVERED DURING 1979

The Casualty Value for an Item of Equipment payable on the Term Lease Commencement Date or any Interim Rental Payment Date or Fixed Rental Payment Date thereafter shall mean an amount equal to the percent of the Purchase Price of such Item set forth opposite such date in the following schedule:*

<u>Term Lease Commencement Date, Interim Rental Payment Date or Fixed Rental Payment Date or Final Day of Lease Term on which Casualty Value is Paid</u>	<u>Percentage of Purchase Price Payable as Casualty Value</u>
Term Lease Commencement Date	89.6052%
May 1, 1980	90.7996
June 1, 1980	95.7959
July 1, 1980	96.7116
August 1, 1980	97.6565
September 1, 1980	98.6323
October 1, 1980	99.4415
November 1, 1980	100.2741
December 1, 1980	101.1312
January 1, 1981	101.8152
February 1, 1981	102.5156
March 1, 1981	103.2332
April 1, 1981	103.9689
May 1, 1981	104.5908
June 1, 1981	105.2256
July 1, 1981	105.7408
August 1, 1981	106.2731
September 1, 1981	106.8233
October 1, 1981	107.2594
November 1, 1981	107.7083
December 1, 1981	108.1706

* The Casualty Values set forth shall be increased for any new Unit in accordance with the following table to account for investment tax credit recapture:

1 - 36 Months from delivery -	20.2916
37 - 60 Months from delivery -	13.5277
61 - 84 Months from delivery -	6.7639

Term Lease Commencement Date,
Interim Rental Payment
Date or Fixed Rental
Payment Date or Final
Day of Lease Term on which
Casualty Value is Paid

Percentage of Purchase
Price Payable as
Casualty Value

January 1, 1982	108.51418
February 1, 1982	108.8642
March 1, 1982	109.2215
April 1, 1982	109.5863
May 1, 1982	109.8481
June 1, 1982	110.1123
July 1, 1982	110.2678
August 1, 1982	110.4199
September 1, 1982	110.5683
October 1, 1982	110.6017
November 1, 1982	110.6250
December 1, 1982	110.6375
January 1, 1983	110.5277
February 1, 1983	110.4174
March 1, 1983	110.3068
April 1, 1983	110.1959
May 1, 1983	109.9975
June 1, 1983	109.7943
July 1, 1983	109.4987
August 1, 1983	109.1924
September 1, 1983	108.8766
October 1, 1983	108.4620
November 1, 1983	108.0309
December 1, 1983	107.5880
January 1, 1984	107.1427
February 1, 1984	106.6950
March 1, 1984	106.2448
April 1, 1984	105.7921
May 1, 1984	105.3368
June 1, 1984	104.8791
July 1, 1984	104.4188
August 1, 1984	103.9559
September 1, 1984	103.4905
October 1, 1984	103.0224
November 1, 1984	102.5518
December 1, 1984	102.0784
January 1, 1985	101.6024
February 1, 1985	101.1237
March 1, 1985	100.6423
April 1, 1985	100.1581
May 1, 1985	99.6712

Term Lease Commencement Date, Interim Rental Payment Date or Fixed Rental Payment Date or Final Day of Lease Term on which Casualty Value is Paid	Percentage of Purchase Price Payable as Casualty Value
June 1, 1985	99.1815%
July 1, 1985	98.6890
August 1, 1985	98.1937
September 1, 1985	97.6955
October 1, 1985	97.1945
November 1, 1985	96.6905
December 1, 1985	96.1837
January 1, 1986	95.6739
February 1, 1986	95.1611
March 1, 1986	94.6454
April 1, 1986	94.1266
May 1, 1986	93.6048
June 1, 1986	93.0799
July 1, 1986	92.5520
August 1, 1986	92.0209
September 1, 1986	91.4867
October 1, 1986	90.9493
November 1, 1986	90.4088
December 1, 1986	89.8650
January 1, 1987	89.3180
February 1, 1987	88.7677
March 1, 1987	88.2142
April 1, 1987	87.6573
May 1, 1987	87.0971
June 1, 1987	86.5335
July 1, 1987	85.9665
August 1, 1987	85.3961
September 1, 1987	84.8223
October 1, 1987	84.2449
November 1, 1987	83.6641
December 1, 1987	83.0797
January 1, 1988	82.4918
February 1, 1988	81.3002
March 1, 1988	81.3051
April 1, 1988	80.7063
May 1, 1988	80.1038
June 1, 1988	79.4976
July 1, 1988	78.8877
August 1, 1988	78.2740
September 1, 1988	77.6565
October 1, 1988	77.0851
November 1, 1988	76.4099
December 1, 1988	75.7809

Term Lease Commencement Date,
Interim Rental Payment
Date or Fixed Rental
Payment Date or Final
Day of Lease Term on which
Casualty Value is Paid

Percentage of Purchase
Price Payable as
Casualty Value

January 1, 1989	75.1479%
February 1, 1989	74.5109
March 1, 1989	73.8699
April 1, 1989	73.2250
May 1, 1989	72.5760
June 1, 1989	71.9229
July 1, 1989	71.2657
August 1, 1989	70.6043
September 1, 1989	69.9388
October 1, 1989	69.2691
November 1, 1989	68.5951
December 1, 1989	67.9168
January 1, 1990	67.2342
February 1, 1990	66.5472
March 1, 1990	65.8559
April 1, 1990	65.1601
May 1, 1990	64.4599
June 1, 1990	63.7552
July 1, 1990	63.0459
August 1, 1990	62.3321
September 1, 1990	61.6137
October 1, 1990	60.8907
November 1, 1990	60.1629
December 1, 1990	59.4305
January 1, 1991	58.6933
February 1, 1991	57.9513
March 1, 1991	57.2045
April 1, 1991	56.4528
May 1, 1991	55.6962
June 1, 1991	54.9347
July 1, 1991	54.1682
August 1, 1991	53.3966
September 1, 1991	52.6200
October 1, 1991	51.8383
November 1, 1991	51.0515
December 1, 1991	50.2594
January 1, 1992	49.4621
February 1, 1992	48.6596
March 1, 1992	47.8517
April 1, 1992	47.0385
May 1, 1992	46.2199

Term Lease Commencement Date,
Interim Rental Payment
Date or Fixed Rental
Payment Date or Final
Day of Lease Term on which
Casualty Value is Paid

Percentage of Purchase
Price Payable as
Casualty Value

June 1, 1992	45.3959%
July 1, 1992	44.5663
August 1, 1992	43.7312
September 1, 1992	42.8906
October 1, 1992	42.0443
November 1, 1992	41.1924
December 1, 1992	40.3348
January 1, 1993	39.4714
February 1, 1993	38.6022
March 1, 1993	37.7272
April 1, 1993	36.8462
May 1, 1993	35.9594
June 1, 1993	35.0665
July 1, 1993	34.1676
August 1, 1993	33.2626
September 1, 1993	32.3514
October 1, 1993	31.5149
November 1, 1993	30.6613
December 1, 1993	29.7899
January 1, 1994	29.0442
February 1, 1994	28.2873
March 1, 1994	27.5193
April 1, 1994	26.7390
May 1, 1994	26.1033
June 1, 1994	25.4639
July 1, 1994	24.9774
August 1, 1994	24.4960
September 1, 1994	24.0204
October 1, 1994	23.7078
November 1, 1994	23.4110
December 1, 1994	23.1311
January 1, 1995	23.0262
February 1, 1995	22.9496
March 1, 1995	22.9033
April 1, 1995	20.0000

and thereafter

Final Day of Lease Term
or thereafter during
any storage period

20.0000%

SCHEDULE OF CASUALTY VALUES
FOR EQUIPMENT DELIVERED DURING 1980

The Casualty Value for an Item of Equipment payable on the Term Lease Commencement Date or any Interim Rental Payment Date or Fixed Rental Payment Date thereafter shall mean an amount equal to the percent of the Purchase Price of such Item set forth opposite such date in the following schedule:*

Term Lease Commencement Date, Interim Rental Payment Date or Fixed Rental Payment Date or Final Day of Lease Term on which Casualty Value is Paid	Percentage of Purchase Price Payable as Casualty Value
Term Lease Commencement Date	88.9767%
May 1, 1980	90.6681
June 1, 1980	94.9126
July 1, 1980	96.0288
August 1, 1980	97.1719
September 1, 1980	98.3429
October 1, 1980	99.2110
November 1, 1980	100.0968
December 1, 1980	101.0009
January 1, 1981	101.5922
February 1, 1981	102.1910
March 1, 1981	102.7975
April 1, 1981	103.4120
May 1, 1981	103.9393
June 1, 1981	104.4717
July 1, 1981	104.9139
August 1, 1981	105.3645
September 1, 1981	105.8237
October 1, 1981	106.1965
November 1, 1981	106.5751
December 1, 1981	106.9598

* The Casualty Values set forth shall be increased for any new Unit in accordance with the following table to account for investment tax credit recapture:

1 - 36 Months from delivery -	20.2916
37 - 60 Months from delivery -	13.5277
61 - 84 Months from delivery -	6.7639

Term Lease Commencement Date, Interim Rental Payment Date or Fixed Rental Payment Date or Final Day of Lease Term on which Casualty Value is Paid	Percentage of Purchase Price Payable as Casualty Value
January 1, 1982	107.25548
February 1, 1982	107.5534
March 1, 1982	107.8540
April 1, 1982	108.1572
May 1, 1982	108.3887
June 1, 1982	108.6203
July 1, 1982	108.7775
August 1, 1982	108.9322
September 1, 1982	109.0842
October 1, 1982	109.1590
November 1, 1982	109.2283
December 1, 1982	109.2919
January 1, 1983	109.2750
February 1, 1983	109.2605
March 1, 1983	109.2485
April 1, 1983	109.2392
May 1, 1983	109.1727
June 1, 1983	109.1070
July 1, 1983	108.9822
August 1, 1983	108.8562
September 1, 1983	108.7290
October 1, 1983	108.5405
November 1, 1983	108.3487
December 1, 1983	108.1534
January 1, 1984	107.8947
February 1, 1984	107.6301
March 1, 1984	107.3597
April 1, 1984	107.0832
May 1, 1984	106.7560
June 1, 1984	106.4207
July 1, 1984	106.0328
August 1, 1984	105.6347
September 1, 1984	105.2262
October 1, 1984	104.7625
November 1, 1984	104.2918
December 1, 1984	103.8185
January 1, 1985	103.3424
February 1, 1985	102.8637
March 1, 1985	102.3823
April 1, 1985	101.8981
May 1, 1985	101.4112

Term Lease Commencement Date, Interim Rental Payment Date or Fixed Rental Payment Date or Final Day of Lease Term on which Casualty Value is Paid	Percentage of Purchase Price Payable as Casualty Value
June 1, 1985	100.92158
July 1, 1985	100.4790
August 1, 1985	99.9337
September 1, 1985	99.4356
October 1, 1985	98.9345
November 1, 1985	98.4305
December 1, 1985	97.9237
January 1, 1986	97.4139
February 1, 1986	96.9011
March 1, 1986	96.3854
April 1, 1986	95.8666
May 1, 1986	95.3448
June 1, 1986	94.8199
July 1, 1986	94.2920
August 1, 1986	93.7609
September 1, 1986	93.2267
October 1, 1986	92.6893
November 1, 1986	92.1488
December 1, 1986	91.6050
January 1, 1987	91.0580
February 1, 1987	90.5078
March 1, 1987	89.9542
April 1, 1987	89.3973
May 1, 1987	88.8371
June 1, 1987	88.2735
July 1, 1987	87.7066
August 1, 1987	87.1362
September 1, 1987	86.5623
October 1, 1987	85.9850
November 1, 1987	85.4041
December 1, 1987	84.8197
January 1, 1988	84.2318
February 1, 1988	83.6402
March 1, 1988	83.0451
April 1, 1988	82.4661
May 1, 1988	81.8438
June 1, 1988	81.2376
July 1, 1988	80.6277
August 1, 1988	80.0140
September 1, 1988	79.3965
October 1, 1988	78.7751
November 1, 1988	78.1499
December 1, 1988	77.5209

Term Lease Commencement Date,
Interim Rental Payment
Date or Fixed Rental
Payment Date or Final
Day of Lease Term on which
Casualty Value is Paid

Percentage of Purchase
Price Payable as
Casualty Value

January 1, 1989	76.8879%
February 1, 1989	76.2509
March 1, 1989	75.6100
April 1, 1989	74.9650
May 1, 1989	74.3160
June 1, 1989	73.6629
July 1, 1989	73.0057
August 1, 1989	72.3443
September 1, 1989	71.6788
October 1, 1989	71.0091
November 1, 1989	70.3351
December 1, 1989	69.6568
January 1, 1990	68.9742
February 1, 1990	68.2872
March 1, 1990	67.5959
April 1, 1990	66.9001
May 1, 1990	66.1999
June 1, 1990	65.4952
July 1, 1990	64.7860
August 1, 1990	64.0722
September 1, 1990	63.3537
October 1, 1990	62.6307
November 1, 1990	61.9030
December 1, 1990	61.1705
January 1, 1991	60.4333
February 1, 1991	59.6913
March 1, 1991	58.9445
April 1, 1991	58.1928
May 1, 1991	57.4362
June 1, 1991	56.6747
July 1, 1991	55.9082
August 1, 1991	55.1366
September 1, 1991	54.3600
October 1, 1991	53.5783
November 1, 1991	52.7915
December 1, 1991	51.9995
January 1, 1992	51.2022
February 1, 1992	50.3996
March 1, 1992	49.5918
April 1, 1992	48.7786
May 1, 1992	47.9599

Term Lease Commencement Date,
Interim Rental Payment
Date or Fixed Rental
Payment Date or Final
Day of Lease Term on which
Casualty Value is Paid

Percentage of Purchase
Price Payable as
Casualty Value

June 1, 1992	47.1359%
July 1, 1992	46.3064
August 1, 1992	45.4713
September 1, 1992	44.6306
October 1, 1992	43.7844
November 1, 1992	42.9324
December 1, 1992	42.0748
January 1, 1993	41.2114
February 1, 1993	40.3422
March 1, 1993	39.4672
April 1, 1993	38.5863
May 1, 1993	37.6994
June 1, 1993	36.8065
July 1, 1993	35.9607
August 1, 1993	35.1005
September 1, 1993	34.2256
October 1, 1993	33.4315
November 1, 1993	32.6255
December 1, 1993	31.8074
January 1, 1994	31.0728
February 1, 1994	30.3290
March 1, 1994	29.5759
April 1, 1994	28.8133
May 1, 1994	28.1453
June 1, 1994	27.4714
July 1, 1994	26.8956
August 1, 1994	26.3178
September 1, 1994	25.7379
October 1, 1994	25.2603
November 1, 1994	24.7848
December 1, 1994	24.3116
January 1, 1995	23.9453
February 1, 1995	23.5858
March 1, 1995	23.2336
April 1, 1995	20.0000

and thereafter

Final Day of Lease Term
or thereafter during
any storage period

20.0000%

NOTICE OF ASSIGNMENT

McHugh Brothers Crane Rentals, Inc.
P. O. Box 196
Penn del, Pennsylvania 19047

Attention: *President*

Gentlemen:

Reference is made to the Equipment Lease dated as of September 1, 1979 (the "Lease",) between McHugh Brothers Crane Rentals, Inc. (the "Lessee"), and Richmond, Fredericksburg and Potomac Railroad Company (the "Owner") providing for a lease to you of 300 box cars.

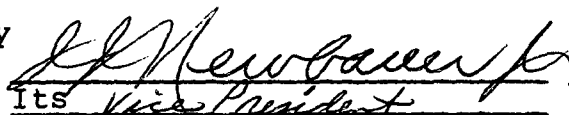
Pursuant to Section 16 of the Lease, you are hereby notified that the Owner and FMC Corporation (the "Manufacturer") have entered into a Conditional Sale Agreement dated as of September 1, 1979 (the "CSA"), and the Manufacturer has assigned its right, security title and interest under the CSA to United States Trust Company of New York (the "Assignee") pursuant to an Agreement and Assignment dated as of September 1, 1979 (the "Assignment"), copies of which are herewith delivered to you. As more fully set forth in the CSA and the Assignment, the Owner has granted and assigned to the Assignee all of its right, title and interest, as lessor under the Lease, including, without limitation, the immediate and continuing right to receive and collect all rental, casualty value payments, insurance proceeds, condemnation awards and other payments, except those sums reserved under Section 23.6 of the CSA. Said rights of the Owner so assigned include the right to receive by assignment the rentals, casualty value payments and other sums payable under the Equipment Sublease dated as of November 1, 1979 (the "Sublease"), between the Lessee and New Hope & Ivyland Railroad Company ("Sublessee"), except those sums reserved under Section 23.6 of the CSA. Accordingly, you are hereby directed, in accordance with Section 2.3 of the Lease and Section 23 of the CSA, to remit all of the rentals and other sums due and to become due under the Lease, except those sums reserved under Section 23.6 of the CSA, to the Assignee, and you are further directed to notify the Sublessee that it shall, likewise, pay rentals and other sums due under the Sublease, except those sums reserved under Section 23.6 of the CSA, to the Assignee.

All such sums are to be paid by wire transfer of Federal funds or funds otherwise immediately available to the Assignee to United States Trust Company of New York, 130 John Street, New York, New York 10038, Attention of Corporate Trust and Agency Department. Each such payment shall be identified as a payment of rental or Casualty Value, as the case may be, or other designated payment relating to "RF&P 9/1/79".

Dated as of September 1, 1979.

RICHMOND, FREDERICKSBURG AND
POTOMAC RAILROAD COMPANY,

by


Its Vice President

Copy to: United States Trust Company of New York,
as Agent and Assignee

New Hope & Ivyland Railroad Company

ACKNOWLEDGMENT OF NOTICE OF ASSSIGNMENT

Receipt is hereby acknowledged of the above Notice of Assignment and of an executed copy of the Conditional Sale Agreement and Assignment referred to therein. The undersigned agrees until receipt of further written instructions from the Assignee named therein to make payments under the Equipment Lease referred to therein in accordance with said Notice of Assignment.

McHUGH BROTHERS CRANE RENTALS, INC.,

by

Its